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THE CAREER OF MR. ASQUITH

MR. ASQUITH'S career is an illustration of the strength and weakness of the English government in its system of selecting men for leadership. That system is one which tends to bring to the front benches the man most capable of defending his party in parliamentary debate. That man is likely to govern England who proves most expert in framing and arranging arguments and in using them at the right time. He must have the further gift of being able to keep the different groups within a party working together towards a program. If in addition he is a successful administrator of a department, so much the better.

These tests Mr. Asquith meets better than any Englishman of his day. No one in England can offer more convincing reasons, few have been so competent in departmental management, no one better than he can keep strong-willed men with variant purposes working together. By all the rules of the political game, as the English have played it, he is their leader. Yet those rules, evolved through hundreds of years of political practice, have two shortcomings: they are not so devised as to sweep up all the best talent of the country; they emphasize certain characteristics of leadership and overlook others, such as initiative and independence. It may well be admitted that men who are the most alert and cogent in argument, and who have shown themselves masters of departmental details, are likely to have other qualities of leadership. But they are not necessarily men of imagination and action. One may wonder whether the English system of promotion would have given a chance to Oliver Cromwell, to Bismarck, to Cavour, or Wash-

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ington. It has given Mr. Asquith his chance, because he has those qualities which the system calls for and his defects are those the system is most likely to overlook.

The story of Mr. Asquith's political career is the story of the progress of one fitted by gifts and training to promote the success of the Liberal party. Sprung from Nonconformist stock, trained in a London preparatory school, where he learned to write good Latin prose and to observe the life of the city, he went to Oxford where he became president of the well-known Oxford debating society, the Union, and won prophecies of future greatness from the great Jowett. From the University he went to Lincoln's Inn, and after his course there he entered upon what was for years a lean law practice. In 1886 he went to Parliament from East Fifeshire as a Home-Ruler and supporter of Mr. Gladstone. His first speech was a slashing attack upon the Balfourian policy of coercion in Ireland, an attack that won praise from Mr. Chamberlain who followed him. From the first he had the gift of compressed statement and apt phrase. Several of his earlier speeches dealt with Irish policy, and his connection as a barrister with the case of the Parnell forgeries gave his words authority. On most questions it was evident that his camp was with the radicals. In 1889 he supported the payment of members of Parliament, and in 1892 he urged that the unearned increment of land should become the property of the community. He was nevertheless able to impress his elders. As early as 1887 the discerning George Meredith marked him out as among Gladstone's ablest lieutenants. He won Gladstone's favor and was picked to move the vote of want of confidence by which the Unionist party was turned out in 1892. Already marked by some as future Liberal leader, he received from Gladstone the office of home secretary. Few men of his traditions and social background have arrived so quickly at cabinet rank.

As home secretary he gained public attention by his firmness in enforcing the laws. That those laws happened to interfere with rioting strikers and Irish dynamiters was a misfortune for one with his record of sympathy for labor and goodwill towards Ireland; but although denounced by Keir Hardie

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and the Irish party he won the approval of the country. He found work more congenial in social reforms. An Employers' Liability Bill which he introduced was thwarted by amendments in the Lords, but he was able to put through legislation dealing with accidents to workmen and with factory conditions. Yet he accomplished his ends more by administration than by legislation. He investigated the evils in the white-lead, the linen, and other dangerous occupations, and laid down certain general principles which have been followed by employers and employed since. He increased the number of inspectors, coördinated their work, introduced female inspectors, and followed up closely the reports upon conditions of work. Not in words alone, but in practice, he was evidently committed to faith in state supervision of labor. It was a faith far removed from the Manchester-school *laissez faire* in which as a good Liberal he had been reared and to which his chief still clung.

When Rosebery succeeded Gladstone in 1894 Mr. Asquith's position seemed assured. On the Turkish question he agreed with Rosebery rather than with Gladstone, and Rosebery would have been pleased had Asquith been chosen as his successor in the leadership of the party in 1896. But as a matter of fact Mr. Asquith's influence for some years was destined to be less than it had been. He had neither the influential connections nor long record of party prominence that belonged to Sir William Vernon Harcourt, who fell heir to the place, and who looked with much less favor upon Asquith than had Gladstone. Nor was his fortune bettered under Sir Henry Campbell-Bannerman, who in 1899 succeeded Harcourt. Sir Henry declared the South-African war a blunder, and in saying so spoke no doubt for the bulk of the party. Mr. Asquith, in company with Sir Edward Grey, at all times his political partner, agreed with Lord Rosebery in supporting the war. When the struggle was over, Mr. Asquith spoke out loud and clear against restoring independence to the Boers. He was in consequence given a dinner by those in the party who were beginning to call themselves Liberal Imperialists, and that dinner might well have resulted in party cleavage had it not been for Mr. Asquith's tact

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and care, while reserving freedom of opinion, to maintain party unity. He was not seeking to emphasize differences, but he did regard it as bad politics to allow the Conservative party to exploit for itself imperial interests. He believed in holding the Empire together at all hazards, but he believed as well in giving its separate parts self-government, even after rebellion; and he aspired to see the Liberal party accept such belief. Imperial unity he has preached at all times, and with it local autonomy.

In 1902, with his own party at loggerheads and the Unionists returned to power, Mr. Asquith could hardly have regarded his own political future as bright. He could not foresee the uses of adversaries. Within a year Mr. Chamberlain upset the political equilibrium with his program of a preferential tariff for Britain and her colonies. In so doing he rent asunder his own party and rallied the Liberals to their old battle-cry of free trade. None loved that cry better than Mr. Asquith who, as a young lawyer, had given university-extension lectures on economics; he understood the tariff in all its intricacies as Mr. Chamberlain had never done. From one end of England to the other he followed Mr. Chamberlain, exposing his fallacies, making a thrust here and a drive there, until the political situation assumed the aspect of a great duel. Mr. Asquith had none of the arts of the advertiser, but his skill in argument proved the best of advertising. When in December of 1905 Mr. Balfour resigned from a divided party and Sir Henry Campbell-Bannerman was invited to form a ministry, Mr. Asquith had fairly won the place next to the Prime Minister.

As a young member of Parliament and as home secretary, Mr. Asquith had been reckoned a radical. As chancellor of the exchequer, he was still a radical, but with a difference. He was now a man who paid off debt, paid off indeed £47,000,000 in three years. Not all the credit of course can go to Mr. Asquith. The continuous improvement in business conditions during most of the time when he held office accounted for unexpected revenues. Yet there can be no doubt that Mr. Asquith made many wise, if a few unwise, economies. Not until his second budget, that of 1907, did Mr. Asquith's financial policy tend to become involved in a policy of social

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reform. In that year he made a difference between earned and unearned incomes by lowering the tax on earned incomes under £2000 by 3 d. in the pound. He graduated death duties to a higher scale, and he announced that the following year would see a start made on old-age pensions. When he brought the plan forward in the next year, he estimated that in its barest form it would require at first £6,000,000 annually, and presently more. He proposed to spend, during what was left of 1908, but one-fifth of that sum. Where was the money to be found for the year after? He did not say. He admitted that the navy would need larger appropriations; but instead of saving for it he had taken half the duty off sugar and in his first budget removed the export duty on coal, that the principles of free trade might not be forgotten. Where was Mr. Asquith leading? Was he preparing the way for new and extortionate taxes upon wealth? He had said no word about initiating taxes on ground values; he had said nothing about adding to the income tax. Indeed back in 1906 he had implied that the limit of income taxes was about reached. Nevertheless he did throw out the suggestion that the funds for paying debt might be drawn upon for old-age pensions; but further ways of getting money he did not indicate, although he had talked of a budget planned for several years in advance. Either Mr. Asquith had in mind new and far-reaching forms of radical taxation which he was not yet ready to explain, but would bring forward at the proper time, or he was taking chances on continued prosperity. In the light of his later career it may be suspected that he was taking chances.

Mr. Asquith's succession to the premiership came in April of 1908 on the retirement of Sir Henry Campbell-Bannerman. He made few important changes in the membership of the cabinet. It was hard to improve upon a group that included Richard Haldane, John Morley, Sir Edward Grey, James Bryce, the Earl of Crewe, Lloyd George, Winston Churchill and John Burns. Some re-arrangements he did make. He is said to have offered the chancellorship of the exchequer to Morley. What chances of history rest upon the fact that Morley did not accept and that Lloyd George took the place! Mr. Asquith

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strengthened a distinguished cabinet. And the changes that he made from 1908 to 1914 served still further to give driving force as well as radical intent to the group. Montagu, Samuel, Simon and Masterman were among the able young lieutenants whom the Prime Minister promoted.

The question of the House of Lords soon became the crucial question of the new ministry. To understand why, it is necessary to go back to the period when the Liberal party came into power in February, 1906, pledged to pass an Education Act which was to render state-supported schools less sectarian. A second bill offered early in 1908 as a compromise with the Conservatives had to be dropped, and a third bill which was introduced soon after Mr. Asquith became prime minister was at length given up. Its failure Mr. Asquith called the heaviest disappointment of his political life. Almost as bitter a disappointment was awaiting him in the rejection by the Lords of a Licensing Bill, a moderate temperance measure to which Mr. Asquith had long been committed. A third great Liberal measure, the Plural Voting Bill, in which it had been proposed to limit a man with several residences to one place of voting, was defeated because the Conservative party could depend upon the Lords.

What was the Liberal party to do next? It could not go on indefinitely bringing forward measures for the Peers to reject. To many it seemed that the time had come to submit the question of the Lords to the people. Indeed two hundred and twenty Liberal members signed, and presented to the Prime Minister, a memorial to that effect. They referred to Gladstone's farewell speech of March, 1894, in which he had declared the issue of the Lords the most important one in English politics, and urged Mr. Asquith to translate Gladstone's word into action at the earliest possible moment. The Premier answered them at a dinner given by the National Liberal Club on December 11, 1908. He declared, after reviewing the history of three years of Liberal government, that the Liberals must regard the Lords' veto as the dominant issue in politics. To appeal to the country at this point, however, he went on to say, was to give the Conservatives the choice of the occasion and time of dis-

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solution. The Liberal party needed simplification of issues. He promised that they should not have a colorless program, and remarked incidentally that the task of the Chancellor of the Exchequer was severe.

The Premier's reference to the task of the Chancellor was significant. Already the scheme for the budget of 1909 was in preparation. No piece of political strategy since Disraeli's Reform Bill of 1867 was so well conceived. That budget, designed to put the burden of increasing bills upon the rich, taxed undeveloped land and the unearned increase in land values, imposed more heavily graduated land taxes, and raised the legacy duties to a much higher point. It was a scheme of finance that its enemies called a revolution and that was admitted by its friends to be directed against one class. Conservative city financiers who had been gradually gaining confidence in Mr. Asquith were taken off guard. What had led the budgeteer of 1906-08 to consent to such a measure? They might have remembered that in 1907, by making a difference between earned and unearned incomes and by raising the death duties, Mr. Asquith had in a sense pointed the way to the new minister of finance. Yet the Lloyd-George budget of 1909 carried Mr. Asquith's policies so much farther and instituted such radical innovations that it was hard to account for Mr. Asquith's support of them. Had the Prime Minister been stampeded by the Welsh demagogue who, soon after he became chancellor of the exchequer, had alluded to the "hen-roosts" he intended to rob? Or was he uncovering a long cherished, if lately hidden, radicalism?

Probably neither conjecture is wholly correct. New circumstances alter not only cases but men. The government was having to find £20,000,000 more to pay for old-age pensions and for extra dreadnoughts to meet Germany's accelerated naval program. The time had come to talk of a tariff or to open new fields of taxation. Mr. Asquith naturally preferred the latter expedient, especially when he saw a political advantage to be gained. Here was a bold new proposal, likely to be more popular than either the education or the licensing questions, a fresh issue to set against the somewhat shopworn tariff-

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reform proposal. Here was a chance to get what was really a piece of radical social legislation through the Lords. Financial legislation was the province of the Commons, and the Lords could not say nay. Or, if they did, they would put themselves forever in the wrong. That as a matter of fact the Peers would interfere and overturn precedent by throwing out the budget, Mr. Asquith must sometimes have suspected. The trap was too good a one not to be laid. It was Lloyd George who said that the "artillery had been maneuvered into position." The phrase was a happy one. But it was not the coiner of that phrase who alone deserved the credit for the arrangement of artillery—though his part was no small one. Mr. Lloyd George would have gone to the country long before when the Education Bill was rejected. It was Mr. Asquith who held out for the Fabian policy and at length, not without the help of the Chancellor's radical devices, hit upon the means of leading a successful assault against the Lords.

The Lords rejected the budget, as had been anticipated. The scene of wild hilarity in the cabinet when the action of the Lords became known gave *Punch* the chance for one of its happiest cartoons. Mr. Asquith's face bore the smile of ineffable satisfaction. The Prime Minister now had the game in hand. He gave notice that the Liberal party would go to the country upon the issue not only of the budget but of the Lords' veto. The elections of January, 1910, gave him a safe if reduced majority, and he introduced in resolutions the scheme for a veto. It was an old device, none of Mr. Asquith's invention, one that had been suggested by John Bright, and before him by James Mill as early as 1835. If the Upper House rejected a measure twice it was to become law on the third passage by the Commons provided that an interval of two years had elapsed. It seems a pity that Mr. Asquith did not lay the axe to the root of the tree. Had he destroyed entirely the veto of the Lords, he would have saved himself much trouble and found it no harder to put his measure through. But Mr. Asquith was never a voyager upon uncharted seas. His mission was to fulfil the law and the prophets of Liberalism. He did indeed promise a scheme for the reconstitution of the Upper

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House; but that promise, because there were other matters more pressing, and partly because he had no good precedent or party policy to follow, he has never carried out. When the resolutions for curtailing the Lords' veto were rejected, Mr. Asquith made ready to follow the good precedent of 1832 and to ask the King to create enough new peers to pass the measure. But in this instance it was not a few but five hundred that would have to be created. The series of steps by which Mr. Asquith, after more than a year's struggle, forced the hand of the Lords it is not necessary to trace. It was done according to the rules. There was indeed in consequence of the suspension of political hostilities that followed Edward VII's death a futile effort to find a compromise. Mr. Asquith should have realized that there could be no compromise that did not sacrifice the end to be gained. The "Conference" was possibly a wrong move. Every other step was wisely taken and with due consideration for the King. The upshot was that the Lords were forced to accept the limitation of their powers.

Mr. Asquith's victory was a notable one. Not by vision or daring but by cautious and adroit procedure he had gained what his party long desired and most needed. He had won the most significant constitutional victory since 1832. If he had entered into the fruits of others' labor, his must nevertheless be much of the credit. He had done what Gladstone only dreamed of. And he was now intent upon new radical schemes that would have alarmed Gladstone. The new members of the cabinet were radicals; the program of the government looked to social legislation of a most advanced kind. The year of the Parliament Act saw Workingmen's Insurance a law and Mr. Lloyd George was being allowed to follow to the utmost his bent for social reform. Mr. Asquith was back upon his earlier trail.

It has been said that Mr. Asquith believed in local autonomy. That creed he had been willing to apply to Ireland from the time he had entered Parliament. As home secretary his speeches had drawn more fire from opposition benches than those of any other member unless those of Gladstone himself. Home Rule for Ireland with him was merely a part of the broader concep-

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tion of Home Rule All Round, or Devolution. If he did not invent it, he was the first, so far as the writer knows, to give political currency to that notion. It fitted into his deepest political and historical philosophy. He has never grown weary of tracing the fall of empires to the failure of local government. His general scheme met the needs of an overworked parliament so well that it won wide favor at the time, though it must be said that, in the course of twenty years' discussion since, it has not made that political headway which might have been predicted. But with all Mr. Asquith's enthusiasm for local government he must have felt a certain lukewarmness about its application to Ireland. There is fairly good authority for the statement that Parnell about this time in conversation with a follower prophesied greatness for the young Asquith, not without a tone of regret, because, as he said, Asquith did not really care about Home Rule, and would not, if he should become prime minister, press for it.

For years it looked as if Parnell were not far wrong. During the long period of opposition from 1895 to 1905 Mr. Asquith's interest in Home Rule waned. In 1898 he declared that the Liberal party should be independent of the Irish Party and ought not to "higgle" for votes. In 1902 he wrote to the Liberal Association in his own constituency that Home Rule had failed because of the rooted repugnance of a large majority of the people of England to the creation of a legislative body in Dublin. "We must ask ourselves this practical question: Is it to be a part of the policy and program of our party to introduce a bill for Home Rule? The answer is, in my judgment, no. To recognize facts is . . . common sense." It is a characteristic utterance of Mr. Asquith. Like Roosevelt he is a "practical man." The Irish question, he believed, would have to be dealt with in stages. In the autumn of 1905 when the Liberals were on the verge of power, Sir Henry Campbell-Bannerman, the heir-apparent of the premiership, proclaimed his hearty adherence to Home Rule and precipitated a crisis in the party. In consequence Lord Rosebery dropped out of Liberal councils. Mr. Asquith and Sir Edward Grey sought to pour oil on the troubled waters. Both made it clear that Home Rule would

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not form a part of the program of the next government. When Mr. Asquith assumed the chancellorship of the exchequer, he reaffirmed that understanding and announced that if the ministerial program were found to be inconsistent with any pledge he had given he would resign.

By 1911 the Liberal party had come to that position where Home Rule was the next move. Before the first election of 1910 the Prime Minister had indicated that the settlement of the Irish question would follow the Parliament Act. The Liberal party now needed Irish support and must "higgle" for votes. It is easy to say that Mr. Asquith might have resigned rather than to have gone back upon previous utterances. But Mr. Asquith had always, as we have seen, believed in the general policy of which Home Rule was a part. His chief objection had been that of a politician who refused to go beyond public sentiment. Political considerations now forced him forward. Not to have gone forward would have imperiled the Parliament Act. Not until that new piece of constitution had been put to use, could Mr. Asquith be sure that he had broken the back of the Lords' power. In the clutch of such a situation he pledged himself to Ireland.

With the introduction of the Home Rule Bill of 1912 he undertook a campaign more difficult than any Gladstone ever fought. He proposed to give Ireland a Senate and a House of Commons with power to make laws for the government of Ireland. The crown, the question of peace and war, the army and the navy, and certain other matters such as old-age pensions were to be excluded from the control of the Irish Parliament, which was also forbidden to pass any laws giving any advantage to any religion. That Protestant Ulster might be still further protected, the Lord Lieutenant was given a right to withhold or postpone assent to all laws passed by the Irish Parliament, such right being subject to instructions from the imperial executive. And, further, the imperial Parliament had always the right to annul any law passed by the Parliament at Dublin. To an outsider the bill seems fair enough. But it was impossible to make a bill which should satisfy the two parties in Ireland. The Ulstermen would accept no Home Rule

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measure that included Ulster, the Nationalists were interested in no bill that left Ulster out. The Home Rule Bill, even though it safeguarded Ulster, meant an explosion. Sooner or later—whether Mr. Asquith had become prime minister or not—it was predestined by those gods who have the oversight of politics that the Liberal party should suffer deeply for its adherence to a cause so involved with bitter religious feelings and historic antagonisms. Hence it would not be fair to lay up against Mr. Asquith all the political confusion that followed the bill of 1912. Yet it is clear that Mr. Asquith started with too many concessions. From political expediency alone it would have been better to have reserved some for later use.

For the opposition had a lever that was sure to force eventual concessions. When Sir Edward Carson, with the ardent coöperation of a conservative class grown desperate to undo the party of social reform, began to bring forward the spectre of Irish rebellion, Mr. Asquith indicated that proposals for the special treatment of Ulster might be considered. When the Home Rule Bill was offered for the third time in 1914 and Ulstermen were arming and drilling and bringing in rifles, Mr. Asquith let it be known that an Amending Bill that allowed any county in Ulster that so voted, to exclude itself for six years, would follow the passage of the measure. When officers in the army resigned and Sir Edward Carson set up the skeleton of a provisional government in Ulster, it was reported that Mr. Asquith's government was prepared to give up the six-years' time limit and to add to the part of Ireland to be excluded parts of two more counties. The upshot was that Mr. Asquith was completely outmaneuvered. He had retreated until there was little left to guard. He should never have introduced the Amending Bill until he had assurances from the other side that it would be accepted as a compromise; he should have stopped the almost public importation of rifles, the arming and the drilling. He should have used the "strong hand" in the army. He has always been a "cunctator"; he has always been ready to "wait and see." In this affair he waited too long, waited until Ulster was thoroughly aroused and prepared. By a waiting and conciliatory policy he played into

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Carson's hands and got things into an inextricable mess. He endangered peace, roused resistance in the army, and lost most of what he started out to get.

In the matter of foreign policy, Mr. Asquith's record has been more consistent. One of the first to urge better relations with Russia, as early as 1899, when Russia and Britain were watching one another in Afghanistan and along the Indian frontier, he was never troubled by the dislike of Russian political methods prevalent among extreme radicals. Russia and Britain were, he believed, the "trustees of the future of Asia." For that reason he supported Sir Edward Grey's Russophile policy, even when it led to the arrangement about Persia. Towards France he was quite as friendly. Several years before Lord Lansdowne had reached out hands to the neighbor across the Channel, he had urged closer relations with her. About Germany he had always been chary of speech, but, at a time when alliance with Germany was talked about, he had said that Germany's colonial aspirations precluded her friendship with England. It was most discreetly worded. "If we worked with her, we should be brought into conflict with other powers in various parts of the world." On the general aspects of foreign policy Mr. Asquith was so much a Liberal Imperialist that he often found himself out of touch with most of his party. He was so much a believer in the "superiority of disciplined strength" over the "untrained intelligence of undeveloped races," that he was ready to see Britain keep what she had. He had disliked the move on Wei-Hai-Wei because he believed in the open door in China, and no doubt also because he was always doubtful of further expansion. But he was willing to see Britain hold on to what she had and was not in favor of a "scuttle" either in Egypt or the Soudan. He was inclined to censure Lord Salisbury for having yielded so much to the United States in the Venezuelan affair; he insisted again and again that England was not making her influence felt as she might in Eastern policy.

It is hard to understand how a man with such views failed to perceive Germany's aggressive intentions. Mr. Asquith cherished no illusions as to future peace. He was not given to

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hopefulness about Hague conferences. Only about the purposes of Germany was he incurably optimistic. No one better than he could know how often and earnestly the English government had made overtures to Germany for better relations and had been courteously but firmly turned down. Had he reflected at all he might have realized that Berlin showed itself complaisant and willing to discuss better relations just once between 1906 and 1914, that is, before the second election of 1910. That well-timed exhibition of friendliness he took at its face value, only to be later disillusioned. He seemed unaware that Germany was playing politics to strengthen the party that proclaimed the absence of danger. A man of the hour, who neither examined the past nor looked far into the future, Mr. Asquith failed to grasp the plans of the *weit-ausschauende* Prussians. Today it is hard to excuse him. Why did he tolerate economies on the army? Why did he accept in good faith the assurances of Germany that she was accelerating her naval program merely to protect her commerce? Why did he continue to tell England that relations were growing steadily better? No doubt it was his part as prime minister to put a good face on things lest they become worse. But his optimistic phrases seem unfortunately to have been spoken with sincerity and conviction. Today they sound like the fiddlings of an ancient emperor. Mr. Asquith must have believed the Triple Entente a combination too strong for Germany to attack. Vain faith and courage vain.

On one condition Mr. Asquith might have been excusable. It is possible sometimes in dreaming over the might-have-beens of the last ten years to conceive a statesman of imagination and independence who would have said: "We have a large part of the world; let us give Germany her chance. Let her lay rails through Bagdad to Basra, let her perhaps have part of Persia, let her be liberally treated in Africa. As for the Monroe Doctrine, what is that to us? Let Germany take what she can in South America." The statesman with such a policy need not, could not, indeed, have been a cautious Little-Englander desiring to avoid trouble; he must rather have been a man anxious for England's greatness on all seas, but anxious to make that great-

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ness more secure by giving her most powerful rival a field for expansion. Such a policy would of course have ignored the real danger that Germany grown great would have merely become the greater bully; that, given her place in the sun, she would have demanded all the sunlight. To allow Germany, for example, to reach the Persian Gulf was to endanger England's hold on India. And there was another risk, that of flying from old and dependable friends to those they knew not of. For it would not have been possible to give Germany what she deemed her legitimate claims save partly at the expense of France and Russia. And that might well have seemed to many like putting money on the wrong horse, to use Lord Salisbury's famous figure about another foreign policy. In any case such a policy would have been playing with fire. Mr. Asquith and the masterful if not imaginative foreign secretary whose foreign policy was only possible through Mr. Asquith's strong support cannot be severely censured for following the traditional lines of policy, save that they ought to have realized that it meant danger from across the North Sea.

By 1911 he had learnt the truth to jingoes long patent. The seriousness of the Agadir incident he never sought to minimize. That Germany's high-handed action at that time burnt a deep impression upon him is evident from his course since. The Little-Englanders got scant hearing after that. Mr. Lloyd George's schemes of social reform had to be pruned to make way for Winston Churchill's naval program, and the most aggressive personality in the cabinet walked out of No. 10 Downing Street with the First Lord of the Admiralty in token of coöperation.

This does not mean that Mr. Asquith had lost his earlier interest. Had his epitaph been written at the end of July, 1914, it would have been that of a great social reformer. He had made old-age pensions a fact, he had put upon the books workingman's insurance, payment of members, and Welsh Disestablishment, he had created labor exchanges, and—greatest accomplishment of all—he had clipped the wings of the Lords. In spite of the bitterest opposition, he had driven the chariot of Liberalism over its enemies. Long deferred hopes of the party

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he had brought to fruition. He had gone further and delivered England into the hands of the radicals. And all this he had done without Gladstone's high enthusiasm or appeal to the moral yearnings of the public. By pure force of intellectual superiority, by an almost unmatched ability in surrounding himself with strong subordinates and in keeping them together, he had done more in six years than most leaders have been able to do in a life-time.

His achievement may be looked at in another way, by speculating on what would have happened had he not been prime minister. It is at least a good guess that Lloyd George and the radicals would never have had their way. The Whig element in the Liberal party was still too powerful. Had not Mr. Asquith pointed out to those conservative Liberals who still held the balance of power within the party the chance to convert a stalemate into a check and brilliant attack by the budget of 1909, he could not have gained their support for the social-democratic measures that followed. It may be ventured further that the story of English foreign policy would have been a different one. It is probable that Morley or some other leader equally afraid of continental complications would have headed the cabinet. Whether any Liberal other than Asquith could have held together the divergent elements in the party may well be doubted. Had such a leader, however, been able to retain office, we may be reasonably sure that Sir Edward Grey would never have been able to secure *carte blanche* for his firm support of France in 1911. England would have stood aside in 1914 and might have seen France torn to pieces and have had to take her turn ten or fifteen years later, single-handed. That England finds herself today fighting with strong allies is perhaps due to the fact that a Liberal Imperialist has been at the head of her cabinet. The chances of history are beyond enumeration.

Mr. Asquith's limitations can be recognized. He has labored under the handicap of being an intellectual. Few men, if any, in the English-speaking world can make speeches so convincing and satisfying to the mind. Yet these speeches fail to move the public. Restrained and a bit cold, he has none of

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the engaging quality of Woodrow Wilson. If he has great emotions, he never shows them to the public; he has no bursts of political passion, like those of Gladstone. He cannot rouse the moral excitement that seeks an outlet in Nonconformist breasts. He cannot in an emergency, such as that of the early months of 1914, when the bye-elections were going badly, swing public sentiment around. He holds his place by the sufferance of Wells's four thousand, not by that of the people. He is not what every great leader of Liberalism needs to be, a crusader.

It is characteristic of such a temperament that it should be overly cautious. It is perhaps a quality rather than a defect of his character. Mr. Asquith does not move people. But they deem him safe and reliable. Yet, to those who judge more narrowly, that caution has often seemed a weakness. He sees only the next move. One step enough for him. His single piece of political daring was the outgrowth of the most considered procedure. And when the Irish tangle called aloud for some bold stroke such perhaps as a plan of Devolution at once —it is not wholly easy to suggest what that bold stroke should have been—he could only offer further compromise. It is doubtless a characteristic of this caution that he has always had too much confidence that a way could be found out of political difficulties; he has always been too prone to offer the chance for an arrangement. It is a quality no doubt that has enabled him many times to keep the cabinet together, but it has been a weakness in dealing with his political opponents. On the education question he lost support and a strong position by his desire to be fair. The Franchise Bill, a most important measure for the party, he had to let go because he had allowed it to become entangled with woman-suffrage amendments which he did not favor, but which from a certain sweet reasonableness he had permitted to be offered with the bill. On the Irish question it has been seen that his conciliatory spirit allowed the Ulstermen to get the best of him.

A more serious limitation, and yet one allied to his want of daring, lies in his lack of imagination. He has followed the blazed trail of Liberal policy nor turned from it by a hair's breadth. No new thing has he ever invented, unless it be Home

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Rule All Round, and that he merely threw out as a suggestion. It is true that during his lifetime the Liberal party has turned from the Manchester doctrines to a kinder philosophy of economics. But it has not been his doing. Rather he has moved with the party, with the forward part of it. His has not been the highest leadership of those who foresee the right course and drive parties willy-nilly into following. Quite otherwise, he has understood the way the party would go and has led. Perhaps that is all we can ask of our modern political masters. Perhaps democracies have become too massive, too inevitable in their movements to be susceptible of real guidance; perhaps what they demand are men quickest to guess their inclinations and give concrete expression to them. It may be we have come to that pass where we shall call that man the greatest statesman who proves the greatest opportunist. Mr. Asquith has been essentially an opportunist—for his party. He has served his party. He has loved Liberalism.

Years ago after the struggle over the Parliament Act he looked weary and grown old. Then came the wracking fight for Home Rule. At the end of that Mr. Asquith might well have sought those quiet seats which the fates are said to prepare for those who have gone through many chances of fortune. The fates were not so kind. He had to gird himself anew and lead Britain in her desperate fight against the onrush of the Prussian. Wars have not seldom proven the undoing of the great. No one has forgotten how the younger Pitt, successful in great undertakings, found himself overmatched by Bonaparte, and went out to Putney to die, a baffled man. It is one of the shortcomings of democracy that it must put politically trained men at directing wars. About Mr. Asquith's part in the war it is yet too early to render an assured verdict. When the war began, men who had watched the career of the Prime Minister had a good deal of confidence in him. Was he not "Asquith the Achiever"? Did he not know men? Had he not the knack of putting them to use? He had qualities that had stood him well in a time of peace. The two years of the war have not changed the impression that in some ways Mr. Asquith is fitted to lead England, even in a time of emergency. When the Coalition gov-

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ernment took the place of the Liberal, it became evident that his cunning had not deserted him. The ablest leaders of the Unionist party were put in important places while others that had to be recognized were placed where they could do the least harm. The storm over conscription he has weathered with little loss. The Irish rebellion has proved a flash in the pan and, at this writing, it looks as if Mr. Asquith might come nearer to making a settlement in Ireland than ever before. In many other matters he has been abundantly able to justify the course of the government. Nevertheless, many men, while recognizing the defences and excuses offered, while realizing that Britain has done wonderful things in a short space of time, feel that her leaders have lacked foresight, have exhibited little of that high imagination which war relentlessly demands. The Antwerp expedition can be defended. The Dardanelles attempt may have been worth the trying. But the leaders of Britain should have foreseen the munitions problem, they should have anticipated the Serbian drive, and they should have managed the Balkan diplomacy better.

Yet the English have seldom started so well in war. Mr. Asquith has met the sudden problems of such a time better than most politicians raised up by democracy. He is not the ideal leader of a nation in arms. Few if any such leaders have as yet emerged in this war anywhere. So far as England is concerned that ideal leader does not seem to be in sight. Certainly he is not Lloyd George. If the war should for a long time go wrong, no doubt a discontented public will visit the blame on Mr. Asquith's head and forget for a while his great services. If he should despite some blunders carry affairs to victory—he has a habit of doing that—the English, glad to have muddled through, will give him an earldom and later carve his name on the Abbey stones; they will rate him in history with Chatham. That is the way things go.

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THE RUSSIAN OFFER OF MEDIATION IN THE WAR OF 1812

THE main facts connected with the offer of Alexander I to mediate between England and America in the war of 1812 are well known. There seems, however, to be some uncertainty as to the part played by the Russian diplomatists, in particular by the Chancellor Romanzoff. It has generally been suspected that the Emperor and his minister were not of one mind in this affair, but the inside history of their misunderstandings has never been told. This working at cross purposes caused confusion and irritation for which Romanzoff has been blamed. Lord Walpole openly and deliberately accused him of duplicity, and the American commissioners were at times strongly inclined to question his veracity. Appearances were against him and he knew it. It would have been easy enough to clear himself of these unjust charges and suspicions had it not been for his official position and the honor of his master. The account of the negotiation is important, not only for students of American history, but for those of European history as well, because it throws light on the policies and methods of Alexander I.

The conflict which broke out between England and America in 1812 caused Alexander considerable anxiety; one of the belligerents was a political ally and the other a commercial friend. A struggle between them would weaken both and might lead to an alliance between France and the United States, a situation which must be prevented. Under the circumstances it is easy to understand why Alexander was eager to bring the two parties together in order to help them settle their differences. He discussed the subject with Romanzoff, as was to be expected. The Chancellor questioned whether England would be willing to admit a third party into the dispute and attempted, as gently as he could, to dissuade the Emperor from putting his plan into execution. Seeing, however, that he was determined, Romanzoff suggested that before a formal offer of medi-

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ation was made to the United States it would be well to ascertain England's attitude on the subject. Alexander would not agree to this proposal; and requested that the offer be laid before the two belligerents at the same time.[1] There was nothing left but to obey. It is to the credit and honor of Romanzoff that he at once set aside his own doubts and put his heart and soul into the undertaking. He realized that to bring about peace through the efforts of Russia would give the Emperor a high standing in the eyes of the world, that failure would be regarded as a rebuke to Russia, an abasement on the part of the United States, if that nation accepted the offer, and a diplomatic victory for Great Britain.

With these ideas in mind, Romanzoff, on September 18, 1812, addressed a letter to Baron Nicolay, who was at the time at Copenhagen but was on the point of starting for London, directing him to submit the offer of mediation to the English government.[2] About the same time the subject under consideration was brought directly to the attention of Lord Cathcart, the British representative at St. Petersburg.[3] The American minister, John Quincy Adams, was approached on the matter on September 21;[4] and towards the end of the same month instructions were prepared for Dashkov, Russian diplomatic agent in the United States, to bring officially before the American government the propositions of the Emperor.[5]

[1] Memoirs of John Quincy Adams (Philadelphia, 1874), vol. ii, pp. 541–542.

[2] *American Historical Review*, vol. xx, p. 109.

[3] Memoirs of John Quincy Adams, vol. ii, p. 403. [4] *Ibid.*

[5] Archives of the Ministry of Foreign Affairs. "Washington," 1812, carton 2. Nearly all the Russian diplomatic papers since 1801 are kept in the Archives of the Ministry of Foreign Affairs at Petrograd. For the period of Alexander I, the documents are almost wholly in French. They are classified as follows. Correspondence between the Russian Minister of Foreign Affairs and his ministers abroad is classified under the name of the capital where the minister resides, as "Washington," "Londres" etc. Correspondence between the minister and the foreign diplomats in the Russian capital is classified under the name of the country of the diplomat, as "Etats-Unis," "Grande-Bretagne" etc. Notes which pass between the Emperor and his ministers are labeled, "Ministère." A full account of the different archives in Russia with a description of the material they contain on American history will soon be issued by the Department of Historical Research, Carnegie Institution of Washington.

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According to Dashkov's reports, President Madison accepted the offer on February 24, but it was March 11 when formal action was taken.[1] Without waiting to learn whether England would agree to negotiate, the President nominated three commissioners to go to Russia to treat with the plenipotentiaries of Great Britain.

It was near the middle of October when Nicolay took up the question of mediation with Lord Liverpool, the prime minister. Without accepting or rejecting the offer, Lord Liverpool said that Admiral Warren, in command of the English fleet in America, had full power to make peace with the United States and that it seemed probable that he would soon bring it about, and, therefore, it would perhaps be better to leave things as they were for the time being.[2] On November 18, Castlereagh, foreign secretary, acknowledged Nicolay's note and in a very polite way intimated "that the intervention of a friendly power is not calculated to accelerate the return of peace."[3] This reply was not encouraging; it did not, however, close the door altogether to further negotiations. At least this was the view taken by Romanzoff.

In diplomatic circles Englishmen were saying that America had declared war on Great Britain largely at the instigation of France. Thus they schemed to conceal the real issues and gain the sympathy of all nations opposed to Napoleon. Romanzoff did not believe that French influence had anything to do with the war; and he went to work to bring this fact home to the English ministry, hoping thereby to remove one of the reasons for the refusal of the mediation. He called in Adams on December 7 to talk over the Franco-American situation. Adams assured Romanzoff that the two countries had no understanding and, what is more, that there was no intention on the part of the United States to draw any closer to France.[4]

To get more evidence on this point the mail of the American

[1] *Ibid.*, 1813, carton 3, documents 8, 17, 18, 20.

[2] *American Historical Review*, vol. xx, p. 110.

[3] Archives Ministry of Foreign Affairs, "Londres," 1812, no. 12.

[4] Memoirs of John Quincy Adams, vol. ii, p. 427.

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minister was opened, not only that coming from Washington but also the dispatches in cypher from Paris, a key to which was in the possession of one of the foreign-office spies.[1] Five days after the interview of December 7 a letter was sent to Lieven, the Russian minister in London, requesting him to impress upon the English government the truth that the United States was not tied to France, that it would be for the best interests of Great Britain to make peace with America, and that Russia stood ready to help in the good cause.[2] In due time this communication was made to the foreign secretary. Castlereagh, however, was unyielding: he was firm in his opinion that America was dependent on France, and argued that the declaration of war against his country was *ipso-facto* proof of his contention; and that as soon as news from Russia [the defeat of Napoleon?] reached the United States, that nation would lower its tone.[3] A report of this conversation was written out by Lieven on January 26 and forwarded to St. Petersburg soon after. On May 25 another conference was held between the Russian and English diplomatists at London. Castlereagh spoke with great feeling. He had just heard of Dashkov's offer of mediation to President Madison and was greatly displeased. He said nothing more of French influence in the war. But he attempted to impress upon Lieven's mind that the differences between the two warring nations were of such a character that they could be adjusted in no other way than by direct negotiations at London, and that a third party could be of no service.[4] A faithful account of this interview reached Romanzoff on June 16.

England's stand on mediation could not now be misunderstood. It becomes difficult to explain why, under the circumstances, Romanzoff persisted in agitating the question, unless it was that he was influenced by an earnest desire to make Alexander's plan succeed. Two days after receiving Lieven's

[1] Archives of Ministry of Foreign Affairs, "Ministère," 1813, no. 215.

[2] *Ibid.*, "Londres," 1812, no. 74.

[3] *Ibid.*, 1813, no. 16.

[4] *Ibid.*, no. 135.

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communication, above mentioned, the Chancellor forwarded it to the Emperor; at the same time he urged that the idea of mediation should not be given up, and that a way should be found to bring it about.[1] In the course of the two following weeks reports came from Washington announcing the formal acceptance of the Russian offer by the United States, the selection, and the departure, of the commissioners. All these documents were hurried off to the Emperor's headquarters on July 4. In the letter accompanying these papers, Romanzoff, although he questioned the wisdom of the President's hasty action, dwelt principally on the great good that might come of the mediation, the possibility of its leading to a general peace, and the eagerness of the Prince Royal of Sweden to draw the negotiations into his hands.[2] He concluded by pointing out that on account of the dignity of the Empire and out of respect for the United States it was more than ever urgent that hostilities should be brought to a close through the intervention of Russia. In his reply of July 18, written at Peterswalden, Alexander said:

I am in complete agreement with your views on mediation and I authorize you to proceed accordingly. As to the question of entertaining the plenipotentiaries, if Dashkov wishes it and it will have the effect he anticipates, why not do it? Owing, however, to our relations with England it is perhaps better not to present the Empress's portrait" [to Mrs. Madison].[3]

Gallatin and Bayard arrived at St. Petersburg on July 21 and called on the Chancellor three days later. On the twenty-sixth

[1] Archives of Ministry of Foreign Affairs, "Ministère," 1813, no. 131.

[2] *Ibid.* no. 144.

[3] *Ibid.*, no. 287. "J'approuve completement votre manière d'envisager la question sur la mediation et je vous autorise à agir en consequence." A word of explanation is necessary in regard to the subject of entertainment and portrait. It was Dashkov who urged that the expense of the commissioners at St. Petersburg should be paid by the Russian government, and that a portrait should be given to Mrs. Madison. Such attentions, he represented, would tickle the vanity of the Americans, of whom he had a very poor opinion and whom he never understood. Romanzoff thought it would be quite improper to do either of the things recommended, but the Emperor agreed with him only in part.

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Romanzoff sent to Alexander a very favorable account of the meeting, of the high regard in which the Emperor was held in America, and reiterated "that it would be neither for the interest nor for the dignity of the Empire to let the affair drop into oblivion." [1] He ended his letter by asking instructions as to whether the envoys should be invited to join the Emperor or to remain at the capital and be there recognized as diplomatic agents.

While writing this note, Romanzoff was unaware of the intrigues going on behind his back. The acceptance or refusal of the Russian offer became not only a question of state policy but took on somewhat the form of a personal rivalry between Castlereagh and Romanzoff. The struggle between the two men was not, however, on equal terms: the Englishman had the confidence of the Prince Regent and the support of his diplomats; the Russian was neglected by his emperor and discredited by his ministers. Each of the two statesmen, although embarrassed by the coming of the American envoys, tried to turn the event to serve his purpose and to undermine his rival. Romanzoff felt that, since the plenipotentiaries were on the field, Russia was under special obligations to push forward the mediation; Castlereagh, on his part, argued that their presence offered a good opportunity to negotiate directly. To achieve his object the English foreign secretary resolved to take the whole matter out of the hands of the Russian chancellor. For reasons, honorable or dishonorable, depending entirely on one's point of view, Lieven lent himself to this scheme. In one of their conferences, Castlereagh told Lieven that the talk of mediation was standing in the way of peace in that it encouraged the American public to stand by President Madison and thus made him less amenable to reason. Great Britain suffered from the war far more than Russia; and if the offices of a third party were not acceptable it was due to the peculiar nature of the quarrel. To show England's eagerness to put an end to the conflict, he promised to nominate, at any time, plenipotentiaries to treat with the American envoys then on their way to

[1] Archives of Ministry of Foreign Affairs, "Ministère," 1813, no. 153.

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Europe.[1] Unquestionably it was Lieven's duty to communicate this conversation to the Russian foreign office. Instead of doing so he sent a report of it, on July 16, to Nesselrode, who was with the Emperor, and only a week later did he forward a copy of the report to Romanzoff. In his reply, written at Peterswalden, August 9, Alexander, through Nesselrode, said that because his services had been declined he regarded the affair as ended [*nous l'avions regardée comme non avenue*]. His motives in making the offer were to save England from a useless and expensive war and to put an end to French intrigues in America. If the American commissioners should seem disposed to enter into some kind of a negotiation [*negociation quelconque*] they would be invited to go to London.[2] On the strength of these words, Lieven assured Castlereagh, and through him the Prince Regent, that the Emperor had withdrawn his services as mediator.[3]

We can imagine Romanzoff's feeling as he read the copy of Lieven's note of July 16 to Nesselrode. He wrote at once to the Emperor complaining of the action of his minister in London, of his lack of dignity, of his insult to the Empire and its minister.[4] While writing this he did not know that the man before whom he was laying his grievances was exposing him to additional humiliations by failing to notify him of the letter sent to Lieven on August 9. With the Emperor's note of July 18 before him, the Chancellor regarded himself as authorized to keep the mediation proposal in the foreground. He therefore, on August 28, drew up a letter for Lieven and a note for Castlereagh. It was, however, intended that both of these documents should find their way into the hands of the foreign secretary. In the letter Romanzoff pointed out that the original causes of the war, the Orders in Council and the right of search, had in large part been removed since the opening of hostilities,

[1] Archives Ministry of Foreign Affairs, "Londres," 1813, no. 373. Among other things, Castlereagh advised that the American commissioners should not be permitted to see the Emperor.

[2] *Ibid.*, no. 488.

[3] *Ibid.*, "Londres" 1813, no. 463.

[4] *Ibid.*, "Ministère," 1813, no. 156.

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when England revoked the one and the United States, by passing the law of March 3, indicated a desire to approach Great Britain on the other. There was no longer a good reason for continuing the fight; and the Emperor was again ready to bring the belligerents together. To wait until the two parties could deal directly would involve a loss of valuable time, because the Americans would need new credentials. So far as Russia was concerned the negotiations might take place at London and, in that case, Lieven would represent the Emperor.[1] The note for Castlereagh supplemented the letter and laid stress on the friendship of Russia and Great Britain as an additional reason why the offer of mediation should be accepted.

By raising anew the whole question Romanzoff believed that he was carrying out the instructions of Alexander and working in the interest of peace. It must, however, be said that he hoped, incidentally, to put Castlereagh in an embarrassing position. If the Englishman accepted the offer it would be interpreted as a victory for Russian diplomacy; if he refused, he would be compelled to explain to Parliament why he prolonged the struggle when he had an opportunity to bring it to an end.[2] In either case the issue would be forced and the American commissioners, who were becoming impatient, would know what to expect.[3] Three days before these papers were dispatched to London a courier took copies of them to the Emperor. On September 20, Alexander acknowledged them and approved everything that Romanzoff had done in the matter.[4]

Lieven was quite astonished to receive Romanzoff's instructions. He knew how the English ministry felt on the subject and he realized that to renew the offer would be regarded as an officious act. Under the circumstances he decided to withhold the note until he had time to explain the situation to the Emperor. On September 28, he wrote to Nesselrode to the effect that Romanzoff's note was in contradiction to the Emperor's

[1] Archives Ministry of Foreign Affairs, "Londres" 1813, no. 321.

[2] *Ibid.*, "Ministère," 1813, no. 177. [3] *Ibid.*

[4] *Ibid.*, no. 295; no. 302. "J'approuve completement Monsieur le Comte ce que vous avez écrit au C. de Lieven, et votre manière sur tout ce qui tient à la mission Americaine. Tout à vous." Teplitz, le 6 Sept. [O. S.], 1813.

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statement of August 9, in which he renounced mediation.[1] He added also a report of a recent conversation with Castlereagh who again asserted that the two warring nations must settle their differences directly. About a week later Lieven notified Romanzoff that he did not submit the note because it was not in harmony with the wishes of the Emperor, as expressed in his letter of August 9. This message was received on October 25 and was another heavy blow to the Chancellor. After a few days he penned a note to Alexander expressing grief that His Majesty had taken such an important step without notifying his minister.[2]

The Emperor must have felt the justice of the complaint, and it undoubtedly influenced his reply to Lieven, written at Frankfort on November 26. Lieven was told that His Majesty did not approve of his stand, and that there were no contradictions such as he mentioned. The Emperor was willing that the two powers should negotiate directly at London, but this was impossible because the Americans had no credentials authorizing them to negotiate in that way. In order, then, to bring this useless shedding of blood to an end, the renewal of the offer was made. It was Lieven's duty to present the note; and if he had not done so already he must do it at once.[3] This reprimand failed to frighten the Russian minister at London. He again refused to do as he was told; and, on December 27, he appealed to the Emperor to reconsider his position.[4] He insisted that there was even less reason now than before for renewing the offer, inasmuch as in the interval the English Foreign Office had addressed itself to the American Department of State with a view of opening direct negotiations. So far as known this was Lieven's last word on the subject. About the time that the above-mentioned letter reached the headquarters at Freyburg, Castlereagh was having conferences with Alexander at the same place.[5]

[1] Archives Ministry of Foreign Affairs, "Londres," 1813, no. 396.

[2] *Ibid.*, "Ministère," 1813, no. 205.

[3] *Ibid.*, "Londres," 1813, no. 513.

[4] *Ibid.*, no. 463.

[5] *Ibid.*, no. 527. Letter from Nesselrode to Lieven, addressed from Freyburg, January 9, 1814, states that Castlereagh had arrived.

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Romanzoff's troubles were by no means over. Towards the end of October Lord Walpole arrived at St. Petersburg as Great Britain's representative. He at once opened a campaign of slander against the Chancellor for the purpose of discrediting him with the Americans.[1] The English minister and consul asserted publicly[2] and privately that the Emperor had assured Lord Cathcart that he had withdrawn the offer of mediation, and that he had requested Romanzoff to tell this fact to the Americans so that they might treat directly with England.[3] When Gallatin heard this story he went, on the evening of November 2, to the Chancellor to ask for its confirmation.[4] Romanzoff assured him that it was all news to him, and promised to communicate at once with the Emperor in order to learn the true state of affairs. Early next morning he addressed a letter to Alexander pleading with him for definite instructions as to what he should do and say.[5] He had hardly finished writing when Walpole was announced. The Englishman was in fighting mood. He objected to the article in the *Conservateur Imperial* in which the subject of mediation was still mentioned in connection with the reception accorded to the American envoys by the Empresses. In thinly veiled language he charged the Chancellor with bad faith and with standing in the way of peace.[6] Romanzoff sat there hearing himself abused without being able to make any other defence than that which he had offered to Gallatin. Whether his explanations were believed or not, he was equally disgraced and humiliated. This was not all. On the following day Harris, the American consul, called on him in behalf of the American envoys. He described their embarrassing situation and in conclusion asked Romanzoff why he concealed from them the truth that the Emperor would no longer act as mediator. There was little or

[1] Archives Ministry of Foreign Affairs, "Ministère," 1813, no. 214. See also Memoirs and Writings of Adams, Diary of James Gallatin, Papers and Letters of Bayard.

[2] Memoirs of John Quincy Adams, vol. ii, pp. 552, 591.

[3] *Ibid.*

[4] Archives Ministry of Foreign Affairs. "Ministère," 1813, no. 206.

[5] *Ibid.*

[6] *Ibid.*

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nothing he could say or do, denounced as he was by all, and trusted by none.[1] He was particularly hurt by the seeming lack of respect shown to the American mission by the Emperor. Bayard and Gallatin were hurt at this and were ready to leave Russia as soon as they should hear from Alexander, but even this courtesy was denied them. Romanzoff finally wrote a strong letter to the Emperor imploring him to take some stand. But it was all in vain. The Chancellor felt so ashamed and disgraced that about January 1, 1814, he moved out of the Hotel of Foreign Affairs into his own palace and, soon after the departure of the American plenipotentiaries, he severed all official connection with his government.[2]

On January 12, Gallatin asked for a passport to go to the Emperor, but this request could not be granted with the authorization from headquarters. Bayard and Gallatin then concluded to leave the country without waiting to hear from Alexander. Officially Romanzoff disapproved of their action, but in private conversation he justified this move.[3] About January 26 the American mission departed from St. Petersburg.

The last note on the subject of mediation found in the archives is from Romanzoff to the Emperor, dated June 19, 1814. The Chancellor tells how deeply hurt he is that he did not have more of His Majesty's confidence in this negotiation, and that the American mission, inspired by a feeling of high respect and confidence in His Imperial Majesty, should have been so neglected.[4]

Alexander was undoubtedly guilty of the charge made by Romanzoff. Yet there is something to be said in his defense. It should be remembered that at the time when the American

[1] Archives Ministry of Foreign Affairs, "Ministère," 1813, no. 214.

[2] Memoirs of John Quincy Adams, vol. ii, pp. 553, 571–572, 579.

[3] Levett Harris to Bayard, Saint Petersburg, 5/17 January, 1814. Annual Report American Historical Association, 1913. Papers of James A. Bayard; vol. ii, pp. 253, 254.

[4] Archives Ministry of Foreign Affairs. "Ministère," 1814, no. 4. "Je regrette je la confesse à Votre Majesté que dans cette occasion je n'aye pas eu plus de part à Sa Confiance et que Cette Mission extraordinaire qui constatoit un si bel élan de respect et de confiance de la part d'une Republique envers Votre Majesté Imperiale, aye eté negligée si completement."

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envoys were in the Russian capital, the Emperor was many miles away leading the hosts of Europe against Napoleon. There were so many graver problems that he had no time for this one. His manner of handling this diplomatic question was, however, quite in keeping with his usual method—one policy for his ministers and another for himself. Alexander was not the cause of the failure of the mission. His offer to mediate was much to his credit and was not in vain; for it undoubtedly hastened the final negotiations. If England persisted in refusing there was nothing more for him to do. The attitude of Great Britain may have been, in some small degree, influenced by the eager desire of America for peace and by the President's hasty appointment of commissioners. This was a mistake and was so recognized at the time and since. Romanzoff may have used bad judgment in renewing the offer, but his motives were honorable. He had in mind the dignity of Russia and the obligation to the United States. The stories circulated about him by Lord Walpole are false in every particular, for which Alexander's double-faced method was largely to blame. The documents in the archives prove conclusively that Romanzoff was truthful, frank, and honest with the American commissioners. That he was a friend of America and appreciated its problems, our envoys knew, but even they did not realize how earnestly he worked in their country's behalf and how much he endured in their nation's cause.

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THE CREAM OF WHEAT CASE

THE fact that the control of the resale price by the manufacturer necessarily involves price fixing is probably the explanation of the decision of the Supreme Court that such control is an undue restraint of trade.[1] The arbitrary fixing of prices has been associated so frequently with restraints of trade and monopolies that the courts naturally look askance at the practice.

The fact that price-fixing is frequently held illegal, however, does not necessarily mean that it is illegal *per se*; nor has it ever been so decided. There may be legitimate as well as illegitimate price fixing, and the question is open to determination on the merits of each case. The decision in the Dr. Miles Medical Company case conflicts with numerous and respectable authorities[2] and has been criticised vigorously on the ground that it represents a case of legitimate price-fixing erroneously classed as illegal.

In considering a doubtful question it is frequently helpful to approach it from several entirely different angles. A case has recently arisen in which the right of a manufacturer to control the resale price of his goods is presented from an entirely new point of view and one which throws much light on the question of whether such control is in fact an undue restraint of trade. This is the case of the Great Atlantic and Pacific Tea Company *v.* The Cream of Wheat Company,[3] now awaiting trial in the federal court for the southern district of New York.

[1] Dr. Miles Medical Co. *v.* John D. Park and Sons Co., 220 U. S. 373.

[2] The following are the leading authorities *contra*: Elliman and Sons Co. *v.* Carrington and Son, 2 Chancery Div. 275; National Phonograph Co. *v.* Edison Bell Consolidated Phonograph Co., 1908, 1 Chancery Div. 335; Walsh *v.* Dwight, 58 N. Y. S. 91; Grant *v.* Hall and Lyon Co., 179 Mass. 588; Commonwealth *v.* Grinstead, 111 Ky. 203; Grogan *v.* Chaffee (California), 105 Pac. 745; Ghirardelli *v.* Hunsicker, 164 Cal. 355; Fisher Flouring Mills Co. *v.* Swanson, 76 Wash. 649.

[3] 227 Fed. 46 (C. C. A.), and 224 Fed. 566. The case has been heard on the motion for a temporary injunction in both the district court and circuit court of appeals. The motion in both instances being denied, the case has gone back to the district court for trial.

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The question in this case is whether a policy of refusing to sell to price cutters or of inducing wholesalers so to refuse, by threats of cutting off the wholesalers' supply, is a restraint of trade or an attempt to monopolize within the second section of the Clayton Act. The case is of particular interest because of the aspect in which it presents the question of price maintenance, because of the novelty of the question which it raises in regard to whether a refusal to do business may be a violation of the anti-trust laws, and especially because of the important practical bearing which the questions at issue have upon common business practices. Most manufacturers of trade-marked articles refuse to deal with price cutters and in many instances attempt to prevent their jobbers from so doing, by threats of cutting off supplies. If these practices are held illegal the effect upon marketing practices will be far-reaching.

The facts in the case in brief are as follows. The Cream of Wheat Company, the "manufacturer"[1] of the well-known breakfast food, markets its goods in accordance with a sales plan announced in January, 1913, in which it held itself out as refusing to sell to "consumers, retailers, or chain or department stores," and announced that it would refuse to sell to any wholesaler who failed to comply with any request made by the company for its own benefit or for that of the trade at large or of consumers. Sale was to imply no agreement to maintain any resale price, but the company requested that retail stores maintain the price recommended by it. The prices fixed by the Cream of Wheat Company to jobbers were $4.10 per case of 36 packages when bought in less than carload lots and $3.95 per case when bought in carload lots. The resale price recommended by the company for the jobber to the retailer was $4.50 per case, for the retailer to the consumer, 14 cents per package.

The Great Atlantic and Pacific Tea Company is the proprietor of a chain of over a thousand retail grocery stores. Because of the fact that the Tea Company was a purchaser of Cream of Wheat in large quantities, the Cream of Wheat Company con-

[1] The "manufacturing" consists of selecting, cleansing, packing and distributing purified middlings, a by-product of flour manufacture.

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sented to treat the Tea Company as a wholesaler, and, in spite of its announced intention to sell to no one but wholesalers, sold to the Tea Company in large quantities and at wholesale rates, on the understanding that the Tea Company observe the minimum resale price of 14 cents per package.

The Tea Company observed the resale price until January, 1915, when it reduced the price in certain of its stores known as "Economy Stores" to 12 cents per package. The Cream of Wheat Company thereupon refused to sell to the Tea Company and circularized the jobbing trade requesting them to see that the Tea Company obtained no Cream of Wheat at any price. The Cream of Wheat Company has been unable entirely to prevent the Tea Company from procuring Cream of Wheat through jobbers, but it has been impossible for the Tea Company to procure Cream of Wheat from jobbers at the carload rate of $3.95 a case and hence impossible to sell it at 12 cents a package without a loss. The Tea Company, therefore, seeks an injunction under section sixteen of the Clayton Act on the ground that the discrimination of the Cream of Wheat Company against the Tea Company and its attempt to induce jobbers to discriminate constitute a restraint of trade and an attempt to monopolize within the Sherman Act and an unlawful discrimination within the second section of the Clayton Act.

I

The first question raised by the case is whether the refusal of the defendant to deal with the plaintiff creates a cause of action at all. It is a well established principle of common law that a person may refuse business relations with another for any reason he chooses or for no reason.[1] Has either the Clayton Act or the Sherman Act changed the law in this respect?

The circuit court of appeals disposes of the case shortly by holding that the old law is unchanged. The court says:

[1] Cooley states the common-law right to refuse business relations as follows: "It is a part of a man's civil rights that he is at liberty to refuse business relations with any person whomsoever, whether the refusal rests upon reason, or is the result of whim, caprice, prejudice or malice." Cooley on Torts, p. 278.

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Before the Sherman Act, it was the law that a trader might reject the offer of a proposing buyer for any reason that appealed to him; it might be because he did not like the other's business methods, or had some personal difference with him, political, racial or social. That was purely his own affair, with which nobody else had any concern. Neither the Sherman Act, nor any decision of the Supreme Court construing the same, nor the Clayton Act, changed the law in this particular. We have not yet reached the stage where the selection of a trader's customers is made for him by the government.

The correctness of the decision of the court in so far as the Clayton Act is concerned may be conceded. The Clayton Act, unlike the Sherman Act, prohibits, not general methods or general results, but specific practices only. The act contains no specific prohibition against refusing business relations. The second section on which the Tea Company relies is directed against discrimination "in price." This is radically different from a discrimination in refusing to sell, since a discrimination in price presupposes at least an agreement to sell at some price, not a refusal to sell at any price.

The decision of the circuit court of appeals in regard to the applicability of the Sherman Act, however, is founded on a view of the issue involved with which it is impossible to agree. The court apparently regards the case as presenting the simple issue of the right of a seller in the normal conduct of his business to select his own customers. Considering this as the issue, the court decides that the Sherman Act has no application and that the motives for the rejection of the Tea Company are immaterial.

This view of the case, however, misconceives the issue involved. The issue is not the mere right of the defendant in the normal course of its business to select its own customers, but its right, by a policy of withholding supplies from distributers who fail to maintain its prices, to enforce a system of price maintenance contrary, it is said, to the Sherman Act. The question at issue is not whether the simple selection of one's own customers is legal, but whether one may use such a right of selection in order to accomplish an illegal purpose. The normal and legitimate use of a right is one thing; the abuse

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of the right in aid of an illegal object is another thing. That one may do the first does not justify the conclusion that one may do the second.[1] The defendant's proposed plan of marketing may or may not be illegal, but the plaintiff cannot be thrown out on the ground that defendant had a right to refuse to sell, until the legality of the defendant's plan has been affirmed.

It will be objected that since the defendant has a right to do business with whom it pleases and is under no obligation to sell, there is no duty on the basis of which it can be compelled to sell. The question, however, is not, as the court seems to think, one of compelling the defendant to sell to anyone. It is one of enjoining it from predicating its willingness to sell upon the conditions which, it is contended, the law has declared illegal, and of penalizing it for making discriminations on the basis of the observance or non-observance of such conditions. Whether it is a sound rule that a sale on conditions, freely entered into and accepted by the parties as a bargain, may ever be a restraint of trade is another question. Certainly if there is a rule that sales on conditions are at times illegal, as the Dr. Miles Medical Company case and the Keystone Watch Case Company case[2] indicate, it is the duty of the court to look beneath the surface of things and to prevent the evasion of the rule by the subterfuge of predicating willingness to sell

[1] The distinction between the normal exercise of the right to refuse business relations and the right to use that right to attain an illegal end is recognized in the dissenting opinion of Justices Day and Holmes in the case of Coppage *v.* Kansas, 236 U. S. 1. Coppage had been convicted under a statute making it a misdemeanor to require, as a condition of continuing in or obtaining employment, a promise not to become or remain a member of a labor organization. In contending for the constitutionality of the statute Justice Day said (p. 40), "But it is said that in this case all that was done in effect was to discharge an employee for a cause deemed sufficient to the employer, a right inherent in the personal liberty of the employer protected by the Constitution. This argument loses sight of the real purpose and effect of this and kindred statutes. *The penalty imposed is not for the discharge but for the attempt to coerce an unwilling employee to forego the exercise of the legal right involved as a condition of employment.* It is the requirement of such agreements which the State declares to be against public policy." (Italics are author's.) So in the Cream of Wheat case it is the attempted coercion of dealers to forego the right which acquisition of title normally gives, that is, to fix the conditions of subsequent alienation to suit one's self, against which relief is asked.

[2] 218 Fed. 502.

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upon the observance of the illegal conditions. The embarrassment of penalizing a man for a refusal to sell and the possible difficulty of proving discrimination call into question, not the policy of preventing evasion of the rule that a seller cannot prescribe the conditions upon which he will sell, if the rule exist, but rather the soundness of the rule itself.

It will be objected that the refusal in itself being legal, the purpose with which it is made cannot render it illegal. The fact that an act in itself is legal, however, does not confer the right to do it for illegal ends. This is particularly true in the application of the Sherman law. The Sherman Act in contrast to the Clayton Act is not confined to the prohibition of specific practices, but is aimed at general results. The act enumerates certain results and then declares them illegal irrespective of the methods by which they are accomplished. The Supreme Court has interpreted the sweeping language of the act to prohibit every practice or device, regardless of its specific character, by which the prohibited results are accomplished or threatened. In the Standard Oil case, speaking of the first section of the act, the court said:

> In view of the many forms of contracts and combinations which were being evolved from existing economic conditions, it was deemed essential by an all embracing enumeration to make sure that *no form of contract or combination by which an undue restraint of interstate or foreign commerce was brought about would save such restraint from condemnation.* The statute under this view evidenced the intent not to restrain the right to make and enforce contracts, whether resulting from combination or otherwise, which did not unduly restrain interstate or foreign commerce, but *to protect that commerce from being restrained by methods, whether old or new, which would constitute an interference that is an undue restraint.* [1]

Speaking of the second section of the act the court said: "Undoubtedly, the words 'to monopolize' and 'monopolize' as used in the section reach *every act* bringing about the prohibited results." [2] These views were reiterated in the Tobacco

[1] Standard Oil Co. *v.* United States, 221 U. S. 1, p. 39. Italics are author's.

[2] Italics are author's.

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case where the court, referring to the Standard Oil decision, said:

> . . . it was pointed out that the generic designations of the first and second sections of the law, when taken together, embraced *every conceivable act* which could possibly come within the spirit or purpose of the prohibitions of the law, without regard to the garb in which such acts were clothed. That is to say, it was held in view of the general language of the statute and the public policy which it manifested there *was no possibility of frustrating that policy by resorting to any disguise or subterfuge of forms, since resort to reason rendered it impossible to escape by any indirection the prohibition of the statute.*[1]

Under this view many practices, not only perfectly legal in themselves, but constituting part of a man's civil rights, have been held illegal when they caused or threatened results prohibited by the statute.[2] Thus it is part of a man's civil rights

[1] United States *v.* American Tobacco Co., 221 U. S. 106, at p. 180. Italics are author's.

[2] That the intent (as distinguished from the mere motive) may render otherwise innocent acts or practices illegal under the Sherman law is well established. Leading cases on this point are: Swift & Co. *v.* United States, 196 U. S. 375, at p. 396; United States *v.* Terminal Railroad Association St. Louis, 224 U. S. 383, at pp. 394-395. United States *v.* Union Pacific R. R., 226 U. S. 61. In the Swift case Mr. Justice Holmes, speaking for the court, said (p. 396): "It is suggested that the several acts charged are lawful and that intent can make no difference. But they are bound together as the parts of a single plan. The plan may make the parts unlawful."

In the St. Louis Terminal R. R. case Mr. Justice Lurton, who wrote the opinion, said: "It is not contended that the unification of the terminal facilities of a great city where many railroad systems center is, under all circumstances and conditions, a combination in restraint of trade or commerce. Whether it is a facility in aid of interstate commerce or an unreasonable restraint forbidden by this court in the cases of The Standard Oil Company *v.* The United States, 221 U. S. 1, and the United States *v.* The American Tobacco Company, 221 U. S. 106, will depend upon the intent to be inferred from the extent of the control thereby secured over instrumentalities which such commerce is under compulsion to use, the method by which such control has been brought about and the manner in which that control has been exerted."

In the United States *v.* Union Pacific R. R. Co., Mr. Justice Day, speaking for the court, said (p. 193): "In determining the validity of this combination we have a right to look also to the intent and purpose of those who conducted the transactions from which it arose and to the object had in view." The same point is made in

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to dispose of his property in such assortments or selections and usually on such conditions as he sees fit. In the decree against the Tobacco Company, however, each of the fourteen companies created from the original was enjoined from making the sale to any jobber of any brand of any tobacco product manufactured by it conditional upon the purchase from the vendor of some other brand or product also manfactured or sold by the vendor "where the effect would be unduly to restrain or or monopolize commerce."[1] To dispose of one's products at whatever price one sees fit is also part of one's civil rights, yet the defendants in the Powder Trust case were enjoined from offering customers of rival manufacturers better prices or terms of sale than they offered their established trade, where the purpose was unfairly to cripple or destroy the business of the rivals.[2] Finally in the case of United States *v.* Keystone Watch Case Company[3] the right to select one's own customers was itself involved. In that case the Keystone Watch Case Company issued a circular announcing its intention to refuse to sell to jobbers who handled its competitors' goods. The court held that the effect of the threat in depriving competitors of their channels of distribution was an unlawful restraint of trade and that, in spite of the fact that the Keystone Company had a right to select its own customers, the discrimination for the above reason might be enjoined. This case is particularly important because it is a concrete illustration of the manner in which the right to select one's own customers may be used to restrain trade. By the simple method of refusing business relations with distributers who handle the goods of competitors, a well known and long established manufacturer may impose serious obstacles to a new competitor gaining access to the market.

Nash *v.* United States, in which the court, referring to the Standard Oil and American Tobacco Company cases, said: "Those cases may be taken to have established that only such contracts and combinations are within the act as *by reason of intent* or the inherent nature of the contemplated acts, prejudice the public interests by unduly restricting competition or unduly obstructing the course of trade." (Italics are author's.)

[1] Reprinted in Stevens, Industrial Combinations and Trusts, p. 459.

[2] *Ibid.*, p. 469.

[3] 218 Fed. 502.

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It will be objected that the above interpretation of the statute brings it in conflict with the Fifth Amendment forbidding the deprivation of property without due process of law. Since the common law holds contracts and combinations in undue restraint of trade and monopolies contrary to public policy, it may be questioned whether the due-process clause protects the exercise of individual freedom when the intent or necessary effect of such exercise is to impose undue restraints of trade. The power of Congress over commerce necessarily gives Congress the authority to prohibit the exercise of individual liberty when the effect is directly and substantially, and not merely incidentally and collaterally, to interfere with interstate commerce.[1] To hold otherwise would be to permit individuals to restrain trade and thus to subordinate the power of Congress over commerce to that of private individuals. The cases of Adair *v.* United States[2] and of Coppage *v.* Kansas,[3] which may be cited as authority for the proposition that the right to refuse business relations may not be restricted, are not in point since they decide merely that the protection of union members from discrimination is not sufficiently an object of the public welfare to validate the restriction on the right to select one's own employees. It is well settled,

[1] For a discussion of the power of Congress to restrict private rights under the commerce clause see United States *v.* Joint Traffic Association, 171 U. S. 505, at p. 572, and especially Addystone Pipe and Steel Company *v.* United States, 175 U. S. 221, at pp. 228-230. Although these cases had reference primarily to the right of freedom of contract, the language is equally applicable to the right to select one's customers since both rights are part and parcel of the same general right of liberty and the Fifth Amendment applies equally to them both. In the Addystone Pipe and Steel Co. case the court (at p. 230) said: " . . . we think the provision regarding the liberty of the citizen is, to some extent, limited by the commerce clause of the Constitution, and that the right to enact a law prohibiting the citizen from entering into those private contracts, which directly and substantially and not merely indirectly, remotely, incidentally and collaterally regulate in a greater or lesser degree commerce among the States.

" We cannot so enlarge the scope of the language of the Constitution regarding the liberty of the citizen as to hold that it includes or that it was intended to include a right to make a contract which in fact restrained and regulated interstate commerce, notwithstanding Congress, proceeding under the constitutional provision giving to it the power to regulate that commerce, had prohibited such contracts."

[2] 208 U. S. 161.

[3] 236 U. S. 1.

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however, that the protection of trade from restraints and monopolistic practices is within the authority to regulate commerce.[1]

II

The case raises another question which was not discussed by the circuit court of appeals, and that is whether a *combination*, or attempted combination, to maintain the resale price is not created, when, as a result of a manufacturer's refusal to sell to jobbers who sell to price cutters or who themselves refuse to maintain a standard wholesale price, the jobbers refuse to sell to price cutters and refuse to cut the standard wholesale price. The Supreme Court has decided on several occasions that a concerted refusal of business relations may be an undue restraint of trade, even where an individual refusal would be permissible and even though the refusal be a primary boycott such as in itself is not ordinarily a tort.[2] Since it is a frequent if not an almost universal practice among manufacturers who wish their

[1] The objection may be made that the prohibition of the Sherman Act against restraints of trade applies only to contracts and combinations in restraint of trade and that an individual refusal involves neither a contract nor a combination. If the purpose of the refusal be illegal, however, the refusal is but an indirect way of forcing on the other party a restriction that could not be imposed by contract. It is well settled, however, that the statute may not be evaded by indirection. The principle is well stated by Judge McPherson in United States *v.* Keystone Watch Case Company, 218 Fed. 502, whose opinion is quoted with approval by Judge Hazen in United States *v.* Eastman Kodak Company, 226 Fed. 62, at p. 66: "If it [the restraint of trade] be both direct and undue, no disguise will save it; the courts will search for the substance and actual effect of the transaction, and, if trade be unlawfully restrained thereby, will grant the needful relief."

It is also settled (Standard Oil Company *v.* United States, 221 U. S. 1, at p. 61) that the term "monopolize" in the second section of the act is synonymous with "restraint of trade" in so far as the effect of restraint of trade upon the public is concerned and that the section prohibits all acts by individuals which, on account of their effect on the public, would be illegal under the first section if done by combinations. It is unnecessary, therefore, that there be a combination, providing the actual effect is unduly to restrain trade.

[2] The leading cases on the point are Grenada *v.* Mississippi, 217 U. S. 440, and Eastern Retail Lumber Dealers' Association *v.* United States, 234 U. S. 600, both of which involved concerted action on the part of retail lumber dealers to refuse to *purchase* from wholesalers or manufacturers selling directly to consumers in competition with the members of the combine. It will be noticed that the boycott was "primary" in that it was aimed directly against those whom it was intended to injure. The fact that the refusal was to *buy* instead of sell is of course immaterial.

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price maintained to refuse to sell to jobbers who sell to price cutters and often also to jobbers who refuse themselves to maintain a standard wholesale price, it is particularly important to know whether such a practice creates a combination, which may be illegal irrespective of the legality of an individual refusal to sell.

It is well settled that an express agreement is not necessary to create a combination within the meaning of the Sherman law. A tacit understanding is sufficient. The essential thing is that there must be concerted action toward a uniform object. By concerted action is meant not coincident independent action, but conscious coöperative action in aid of a joint undertaking.

Under the above rule it is difficult to see how a conclusion of concerted action within the meaning of the law can be avoided. The individual refusals of the distributers and manufacturer to sell at cut prices or to price cutters are not unrelated, independent acts, but are part of a general plan to maintain the resale prices, both wholesale and retail, to which each distributer is compelled by the manufacturer's threats to become a party. Although there is no express contract or agreement to maintain wholesale prices and to prevent price-cutting retailers from procuring goods, the threat of the manufacturer to cut off supplies brings about a concert of action as surely as would an express agreement. In the Dr. Miles Medical Company case a contract embodying the above conditions was held "in effect" to create a "combination for the prohibited purposes" (referring to the purposes prohibited by the Sherman Act). In view of the rule that the act may not be avoided by "any disguise or subterfuge of form" it would seem impossible for the concerted action, produced by the manufacturer's threat, to escape the prohibitions of the act, providing its purposes come within the act.

III

The issue both in the case of the individual discrimination by the manufacturer and of the concerted discrimination by distributers induced by the manufacturer appears to narrow down to the question: Is the purpose in aid of which the discrimination is practiced illegal within the Sherman Act? It may seem

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harsh to penalize a manufacturer for discriminating or for inducing others to discriminate against distributers whose proven policy in disposing of the manufacturer's products is one considered injurious to the manufacturer's business. Such discrimination would seem only a legitimate protection to the manufacturer's own business rather than a restraint of trade. This, however, is the inevitable result if an attempt to maintain the resale price of his own goods by a single manufacturer constitutes an undue restraint of trade. The question of whether a manufacturer has the right to discriminate himself or to form a combination of his distributers to discriminate against price cutters, forms an excellent test of the soundness of the rule laid down in the Dr. Miles Medical Company case, that the maintenance of the resale price by a single manufacturer on his own products is illegal.

The question of the legality of the maintenance of the resale price takes us back to the decision of the district court where this question was discussed at length. The court decided that the maintenance of the resale price by a single manufacturer is not an undue restraint of trade within the Sherman Act, for the reason that the only competition which is restrained is competition of the article with itself and that this competition is not of the sort which the law protects. The court said:

> The only competition prevented or sought to be prevented by defendant's acts is that of Cream of Wheat against itself; the only trade restrained is the commercial warfare of a large buyer against small ones, or that of a merchant who for advertising purposes may sell an article for a loss, in order to get customers at his shop, and then persuade them to buy other things at a compensating profit. That competition as encouraged by statutes and decisions, does not include such practices, has been sufficiently shown (with ample citations) in Fisher Flouring Mills Company *v.* Swanson, 76 Wash. 649.

The district court here presents a distinction which is obviously contrary to the decision of the Supreme Court in the Dr. Miles Medical Company case. The Supreme Court simply held that the restriction of competition in the resale of the article through the fixing of a uniform resale price is an undue

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restriction on competition, without qualification as to the character of the competition suppressed. The court said:

> . . . where the commodities have passed into the channels of trade and are owned by dealers, the validity of agreements to prevent competition and to maintain prices is not to be determined by the circumstance whether they were produced by several manufacturers or one, or whether they were previously owned by one or by many. The complainant having sold its product at prices satisfactory to itself, the public is entitled to whatever advantage may be derived from competition in the subsequent traffic.[1]

The soundness or unsoundness of the position of the Supreme Court depends upon the import attached to the words "restraint of trade."

The interpretation of this phrase has been the most troublesome thing in the interpretation of the Sherman Act. The difficulty has been to formulate a rule by which, on the one hand, the minor restraints of trade which are necessary if freedom of trade in the larger sense is to exist, would be permitted, and by which, on the other hand, the fundamental restraints which involve a destruction of the freedom of trade in the larger sense would be prohibited—a rule which would permit some restraints and forbid others and yet which would be consistent with the sweeping prohibitions of the statute against "all" restraints of trade. Not every restraint of trade at common law was unlawful. To apply the blanket prohibitions of the statute to every restraint known at common law regardless of its previous legality, would be to "fulfill the promise of the statute to the ear but to break it to the hope." The anomaly of an act literally at variance with its purpose was destroyed by the technically indefensible but economically sound opinion in the Standard Oil Case, which said that the general and all-inclusive terminology of the statute had reference to the *means* of restraint or monopolization and was intended to apply the prohibitions to all devices and practices in aid of the prohibited results regardless of their form, but that the *results* prohibited were to be

[1] 220 U. S. 373, at p. 409.

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understood in the light of the common law—the so-called rule of reason.[1]

The decisions in regard to the rule of reason are unsatisfactory because they either state mere conclusions in regard to the legality of a given state of facts without indicating the criteria by which the judgment was reached, or because, when principles are stated, the extent of their application is not given. The following summary of the rules, however, errs, if at all, on the side of overstating rather than understating the application of the rule against restraints:

1. Restraints of trade involving or threatening a substantial control of the market are illegal irrespective of their specific character.

2. Restraints not involving or threatening a substantial control of the market are illegal when oppressive, predatory or unfair in their nature.

3. Restraints going no further than necessary to protect the legitimate interests of the party imposing them and neither involving nor threatening a substantial control of the market, or unfair, predatory or oppressive in their nature, are legal.

How can the control of the price of no more than a single brand of a commodity be construed as a control of the market of the commodity? Control of the market implies power to fix the general price level at which the commodity is sold, power to exclude or coerce competitors, to prevent distributers from handling competitors' goods or to compel them to discriminate against competitors' goods. The right to control the resale price of the products of his own manufacture gives the manufacturer power to do none of these things, nor is it desired in order to accomplish any of them. The control of the resale price instead of being designed to control the market is simply an internal measure in the regulation of the marketing of the manu-

[1] The court referring to the act said: "Thus not specifying but indubitably contemplating and requiring a standard, it follows that it was intended that the standard of reason, which had been applied at the common law and in this country in dealing with the subjects of the character embraced by the statute, was intended to be the measure used for the purpose of determining whether in a given case a particular act had or had not brought about the wrong against which the statute provided."

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facturer's particular brand. It does not extend the manufacturer's power beyond his own products. It does not enable him to affect the price at which his competitors shall sell their goods, nor to exclude them from the market or cause their goods to be discriminated against. Competitive conditions still prevail and the free interplay of supply and demand is not interfered with. Instead of controlling the market the manufacturer is himself controlled by the market and is governed by the market in fixing his resale price. The sole power which the manufacturer has and the sole reason why he desires the right to control his resale price is, not to raise the price above that established by the unrestricted operation of supply and demand, but to prevent the price on his product for purely advertising purposes from being cut below the competitive market price.

IV

Does the control of the resale price by a single manufacturer of his own products constitute an oppressive, predatory or unfair restriction upon the freedom of others to conduct their business as they see fit?

It is to be noted that this question concerns solely the two parties who freely enter into the bargain. It does not involve third parties as did the Keystone Watch Case Company case, where the restriction related to the right to handle competitors' goods. It does not involve the public, since no control of the market is created. It is a pure case of what has been termed a "subjective restraint of trade," that is, a restraint entered into voluntarily between the parties and concerning them alone. The rule in regard to such restraints is that the restriction will be upheld if it goes no further than to protect the legitimate interests of the restraining party.[1]

There is a tendency in the discussion of this question to view the protection as concerning the right of the manufacturer, *after* having sold the goods, to dictate the price at which they shall

[1] Mr. Chief Justice Fuller, in Fowle *v.* Park, 131 U. S. 88, at p. 97, states the rule applicable to subjective restraints as follows: "Public welfare is first considered, and if it be not involved, and the restraint upon one party is not greater than the protection to the other requires, the contract may be sustained."

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be resold. Nothing is further from the truth. The question solely is of the right of the manufacturer, before or at the time of the sale, to stipulate the price at which the goods shall be resold. If the distributer does not like the conditions he is free to refuse the goods. The question is, can the distributer, being free to take or reject as he chooses, and having elected to take the goods, complain that he is being oppressed or that his freedom to conduct his business as he sees fit is restrained when he is forced to live up to his bargain?

It is objected that, having parted title with the goods, the manufacturer has no further interest in them, and that the restriction being unsupported by an interest is contrary to public policy and void.

It has been attempted to make out an interest of the manufacturer on the theory that an injury is done the reputation of his goods by having them bandied about at bargain prices. This theory is questionable both because of the uncertain policy of protecting the value founded merely on prestige and because of the uncertainty of the proposition itself that goods of merit suffer a loss of prestige by having their price "cut."[1] There is another ground, however, on which a legitimate interest can be made out. That is the effect of price cutting on the sales of the manufacturer to his distributers and on his distributing system.

There is a double relationship between the manufacturer and his distributers. In the first place there is the simple relationship of buyer and seller. The distributers are the manufacturer's customers on whom he depends for his profits and whose volume of purchases determines his profits. It will not be denied that the manufacturer has a vital and legitimate interest in inducing these purchasers to purchase as frequently and in as large quantities as possible, and that in making reasonable regulations to prevent their willingness to purchase from being interfered with, he does no more than protect his legitimate

[1] It is said that the public is learning to understand the bargain "game" so well, that an article is not "cheapened" by being cut. For a discussion of this phase of the subject, see Professor F. W. Taussig's address in *Proceedings of American Economic Association*, 1915.

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interest. If he believes that if he sells to A he will lose some or all of B's patronage, no one will deny his right to refuse to sell to A altogether. It is a matter solely in the regulation of his own business. So also if, instead of refusing to sell to A absolutely, he sells with a condition subsequent attached for the purpose of protecting his trade with B, that would not appear unreasonable, provided the condition in fact went no further than necessary to protect his trade with B. Finally, if, instead of imposing the condition in a discriminating fashion upon a few customers, he imposes it uniformly and without discrimination upon all alike, it would appear to be still more a reasonable regulation of his business.

The distributers of the manufacturer's goods, however, are more than mere customers. In practical effect they are as essential a part of his marketing organization as are his own salesmen, and on their efficiency and interest in pushing his goods depends to a great extent the volume of his sales. Recognizing this fact, manufacturers spend large sums in preparing so-called "dealers' helps" such as electrotypes, window trims, lantern slides etc., to aid dealers in marketing their goods. Some manufacturers go so far as to maintain dealers' service departments to help the dealers in their selling problems, provide courses in salesmanship for dealers' clerks, and employ travelling "efficiency" men to help dealers with their problems on the spot.

That the manufacturer has an interest in this distributing organization, and that he may be injured through an injury to it, have been clearly recognized by the courts in numerous cases holding a secondary boycott illegal. One of the most recent and best known cases is that of Loewe *v.* Lawlor,[1] where it was held that a boycott directed against dealers handling the manufacturer's goods constituted an actionable injury to the manufacturer in spite of the fact that the goods offered for sale by the dealers had wholly ceased to be the property of the manufacturer and were the property of the dealers. In the case of the United States *v.* The Keystone Watch Case Company[2] a

[1] 208 U. S. 274.

[2] 218 Fed. 502.

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threat to refuse to sell to jobbers handling competitors' goods was held to constitute an undue restraint of trade, not because it interfered with the trade of the jobbers, but because it interfered with the trade of the competitors by closing to them their channels of distribution.

The reason why cutting the resale price injures the manufacturers' trade with his distributers and disorganizes his distributing system is that it makes it unprofitable for distributers to handle his goods. The fact that price cutting destroys the profit in the particular brand in most cases may not induce the dealer to drop it altogether,[1] for he will carry a supply for those who ask for it. The sale of the brand, however, depends to a great extent upon the willingness of dealers to push it by displaying it attractively on the counters, and in the windows, and recommending it to customers. This the dealer will not do unless assured of a reasonable profit. A well-known watch manufacturer found that his sales to distributers in a city where his product was subject to severe price cutting fell off one-half. The advertising and sales manager of a well-known manufacturer of toilet articles estimates that one-third of his sales are directly due to the influence of retailers. The influence of the retailer in determining the consumer's choice is shown by an investigation of the Chicago *Tribune* in regard to how women were induced to use their favorite food products. This inquiry showed that out of 30,936 instances the manufacturer's advertising was responsible for the choice in 11,322 cases or 36 per cent, the advice of the dealer in 16,527 or 55 per cent, the advice of friends in 1889 or 6 per cent, and in 1198 cases no definite reason was given.[2] To deny the manufacturer the right to place restrictions upon the resale price of his goods is to deprive him of the opportunity to assure himself of the benefit of the dealer's influence.

The situation is perhaps made clearer by an examination of

[1] Except in the case of exceptional lines the claims of advocates of price maintenance on this point do not appear to be substantiated.

[2] The 30,936 instances above given do not represent that number of individual persons, but rather the experience of a lesser number of persons each with a number of articles.

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the nature of the conflict out of which the price-maintenance controversy arises. The dispute springs from the competition between the manufacturer and retailer for the good-will of the consumer. The competition for this good-will, although not frequently referred to in economic writings, is most real and keen. It is comparable to the competition between capital and labor for shares in the income from their joint services. The manufacturer strives to attach the consumer's good-will to his brand of goods and the retailer strives to attach it to his store, because the possession of the consumer's good-will gives him an advantage in the bargaining over the division of the profits on the goods.

The mere use of the cut price on the manufacturer's products by retailers as an advertising device in this struggle for the consumer's good-will would probably encounter little opposition from manufacturers were it not that there are many small dealers who have not the resources to advertise extensively or to stand the losses on cut prices, who are willing to push the manufacturer's products among their trade if assured of a reasonable profit. It is because price cutting deprives the manufacturer of the support of these small dealers in establishing his product in favor with the public that he objects to it.

Viewed in this light the question of price maintenance is essentially a question of the right of one of two competitors to sell his goods subject to such conditions as will assure him of the support of those who are willing to assist him in his competition, and which will prevent his rivals from utilizing the products he manufactures to his own disadvantage. These surely are reasonable considerations. A man is certainly entitled to impose suitable restrictions upon the sale of his goods to protect those who are willing to assist him in his competition.[1] The legitimacy of the restrictions is still more obvious

[1] Distinguish between restrictions designed to reward or protect those who are willing to assist the manufacturer in his competition, from those which are designed to impose pressure on others to force them to give their support to him and to withhold it from third parties, such as were held illegal in the Keystone Watch Case Company case. The question of price maintenance involves no question of pressure or coercion nor any question of the rights of third parties.

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when the only persons who are injured by the restrictions are those who intend to use the goods to build up a rival good-will with the public. Nor is there any reason apparent why a man may not take suitable measures to prevent the goods he sells either from falling into the hands of his rivals or from being utilized by them to injure him. A man is not bound to furnish ammunition to his rivals. To deny the manufacturer the power to sell his goods subject to stipulations concerning their immediate and subsequent alienation is in effect to compel him to sell to those whose deliberate purpose in purchasing his goods is to use them as a weapon against him in the struggle for the public's favor, for, although price cutters may not be able to procure goods from him directly, they will obtain them indirectly.

V

The foregoing analysis discloses the essential nature of price maintenance. It shows that price maintenance is not an *aggressive* device, but on the contrary it is a *protective* device. Its purpose is not to assert control over the market or to oppress any individual and it carries with it no such powers. It simply permits an individual manufacturer to stipulate as a condition to his willingness to deal with the distributer, that a given resale price be maintained and that the goods shall not be sold except subject to an agreement that a given resale price be maintained. If the prospective vendee does not find the conditions agreeable he is not compelled to accept them, for the market is free and he may purchase where he chooses. Once having accepted the condition, however, and having taken the goods, he is held to be bound by his agreement as he would be with respect to any other conditions of the sale. Baldly stated, it is simply a condition in a contract of sale by which the vendor seeks to prevent the vendee from using the vendor's success in creating a good-will, as the basis for building up a competing good-will of his own.

It may be that the Supreme Court has committed itself too positively and unequivocally on this question for it to recede. If that is the case, the situation in the Cream of Wheat case is valuable as an indication of the need of legislative relief. It

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happens that the court of appeals in the present case has found a means of avoiding the consequence of logical adherence to former decisions. The results to which the logical adherence to precedent would lead, however, are criteria of the soundness of the precedents themselves. A rule which if applied consistently would render a man guilty of restraint of trade for refusing to sell to one who designed to use the goods in ways injurious to the seller's business, must be unsound in its very essence and hence in all its applications.[1]

[1] No attempt has been made to deal with specific objections to price maintenance because in view of their multifarious character and in many cases of the misunderstanding of the subject on which they are based, it was felt a simple analysis of the subject would be clearer and in most cases an answer in itself. Professor Taussig's main objection, however, should be noticed:

"It stands in the way of the experimenter. As regards the spread between producer and consumer, it looks to the maintenance of the *status quo*." (*Proceedings American Economic Association*, 1915, p. 181.)

It is true that the national advertisers, who are the principal supporters of price maintenance, view the mail-order houses, chain stores and department stores as their chief rivals, and that there is fierce competition between these groups for the public's good-will. To the extent that price maintenance prevents these new distributers from preying off the manufacturer's good-will, it stands in the way of experimenters. It stands no further in the way of experimenters, however, than to give them stiff competition and to prevent them from parasitically using the advertising of others as the basis of their own advertising. The freedom of the market is not impaired, nor is any unfair advantage given a man in allowing him to sell his goods on the conditions he sees fit.

The assertion that price maintenance looks to the maintenance of the *status quo* as regards the spread between producer and consumer is not borne out by the facts. The advertisers have no particular interest in the double middleman as such, and price maintenance does not bind them up to it. Their interest, like that of any other manufacturer, is solely in placing their goods on the market as cheaply and expeditiously as possible. If the majority of national advertisers adhere to the double-middleman system it is because of the impossibility of economically distributing small products to thousands of retailers directly.

If the reference be to the jobber's and retailer's margin of profit, the tendency of manufacturers' advertising has been to reduce rather than maintain or increase it, for the simple reason that it has strengthened the manufacturer's bargaining power relatively to that of retailer and jobber. As the tendency of price maintenance is further to strengthen this power, its tendency must be deemed to reduce rather than maintain or increase the middleman's share.

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THE ALLOWANCE FOR WORKING CAPITAL IN A RATE CASE

WHEN, for the purpose of regulation, the appraisal of the physical property of a public utility has been completed, an addition is usually made to the valuation as allowance for working capital. Fundamentally a company is entitled to earn a fair return on all its property reasonably employed in serving the public. This property consists of so-called fixed capital and working capital. The former includes all the more permanent assets devoted to specified purposes and in practice is usually valued independently by the means of an appraisal. It constitutes the bulk of a company's investment. Working capital consists of the more temporary assets which may be devoted or readily turned to any purposes that the company may have. Its amount is added to the fixed capital as determined by the appraisal, and the company is allowed a return on the entire valuation.

While the principles and methods involved in the appraisal of fixed property have been discussed extensively in recent years, the question of how the value of working capital should be determined has received slight consideration, either in public discussion or in the opinions of the commissions and courts. The reason doubtless is that fixed capital in any case constitutes by far the greater proportion of the property of the company and therefore naturally merits and receives the greater and more careful consideration. That allowance should be made for working capital is generally admitted or widely assumed. But what controlling ideas or principles should be followed in the determination of the allowance has never been, so far as the writer knows, very definitely and completely set forth in any formal opinion or in other published material on the subject. This does not mean that there have been no commission or judicial dicta on the matter, or that the general idea of working capital has not been discussed, but simply that the scope and limits of the notion have never been carefully examined. Since

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the amounts involved are always relatively small, the regulating bodies have contented themselves in any given case with the immediate practical aspects before them, without considering the finer principles involved. The purpose of this article, therefore, is to analyze the general concept of working capital and to outline how the amount may be fairly determined in a case.[1]

I

It is a general rule in a physical appraisal to consider simply the *property* and to disregard the *source* of the funds used in acquiring the property. In other words, the commissions look upon the concrete plant and equipment used in serving the public, and seek to place a fair valuation upon them, paying little or no attention to the stocks, bonds, and other obligations or interests covering the property.[2] They consider the items that appear on the assets side and not those on the liabilities side of the balance sheet.[3] If this view were followed consist-

[1] The more usual view of working capital is that it consists of current assets less current liabilities. This view is followed in the main by the Public Service Commission of New York, Second District. The Wisconsin Railroad Commission, while considering the statements of current assets and liabilities, also the requirements of a company as to cash and stocks of materials and supplies, usually makes its statement of working capital a percentage of the gross revenue of gas, current, or other service sold. See State Journal Printing Co. *v.* Madison Gas and Electric Co., 4 W. R. C. R. 501, 551; also Superior Commercial Club *v.* Superior Water, Light and Power Co., 11 W. R. C. R. 704, 745–747. In a number of judicial and engineering discussions, working capital is based on the quantity of service sold. The Public Service Commission of New York, First District, seems inclined to the view that working capital consists of the *carrying charges* borne by the company; this view will be considered in the latter part of this discussion.

[2] In the noted Ames Case, the formula is that a company has a right to a fair return on its property employed for the use of the public, with due regard for the actual cost, reproduction cost, and the par and market value of the stocks and bonds outstanding. While this formula has never been directly modified, in practice no attention is paid in a valuation to securities outstanding. It is the property, not the rights covering it, that is the subject of the valuation on which a return is allowed.

[3] The balance sheet of a public-service corporation is intended to present the investment at a particular time. On the left side it has a list of all the different classes of property in the business and shows the cost of each class, while on the right side it shows the amount of funds contributed by each class of persons with financial interests in or claims on the business. Source is therefore indicated on the right side. We may think of the accounts on this side as representing claims upon the property

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ently throughout and applied to property of every sort, then the question of what is working capital would be answered simply enough. If source were completely disregarded, if it were to make no difference where the property came from, by what obligation or interests it is covered, then working capital would consist of all the property reasonably employed in connection with the service and not included in the appraisal of fixed capital—all so-called current assets. This would include cash, materials and supplies, accounts receivable, prepayment and any similar items. There would be no deduction for obligations of any sort. The test by which to determine whether any particular item should be counted would be whether it is reasonably held in connection with the service. If so, the item would be added to working capital irrespective of the source from which the funds for the purchase of the item were acquired.

Source, however, is not consistently disregarded. While the physical appraisal of fixed capital is commonly made without inquiry as to obligations or interests covering the property, in the determination of working capital, deductions for current liabilities of some sort are usually made. To the extent of such deductions, source is clearly considered in the valuation. Ordinarily assets covered by so-called permanent obligations are included, while those covered by more temporary or current liabilities are not. Why this difference in treatment? The general principle is that a company may earn a return on all its property reasonably employed in serving the public. On what grounds, then, may a distinction be made between funds derived from one source and those obtained from another?

The commissions usually take current assets, less current liabilities, as the amount of working capital allowed in a valuation. In this practice they simply take over the everyday business notion of working capital, without considering, however, the relation of the notion to the general doctrine that source should not be regarded in a rate case. Practically, of

on the left side, or as interests or equities in the property, or simply as covering the property. The term "equity" is, of course, not used in the usual legal sense, but in the special accounting sense as indicated.

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course, this has not been a serious matter. The method has operated quite satisfactorily, without involving any particular injustice or inconsistency in practice. The absence of a definitely formulated principle, however, has made it difficult to distinguish clearly between obligations to be deducted from the assets and those to be disregarded. In general the distinction made has been that between current and more permanent obligations. But why deduct the one and not the other? And where precisely is the dividing line between the two? Is it merely the element of time or some other fundamental consideration? This is the theoretical point to be especially treated in this paper. In general the writer subscribes to the formula that working capital consists of current assets less current liabilities. Funds held to pay accrued interest, taxes, wages, and similar items, should not be made the basis of a return in the valuation. But the reason for the exclusion should be clear. While the amounts involved can usually make no appreciable difference in the rates to be fixed, still the entire procedure in establishing a valuation should be theoretically clear and definite.

As a basis of a theoretical distinction between obligations deducted from current assets and those not deducted, it is well to state once more the fundamental principle of law that a return must be allowed on all the company's property reasonably used in serving the public. If a distinction is to be made, it evidently should rest on the special idea of the *company's* property. May some of the property used in service be considered fundamentally as that of the company and some as representing obligations to outsiders? What is the company's property? What interests go together to form the company as viewed in connection with regulation? [1]

[1] It should be emphasized at the start that the term "company" will not be used in the usual legal sense—the stockholders in their corporate entity. It will signify the groups of interests shown on the right side of the balance sheet, which are viewed in our system of regulation as covering the property employed in the public service. This includes not only the stockholders' interests, but also the bondholders and others which fit into the scheme of regulation. The "company" interests may be called "capital obligations," and all the non-company interests "current liabilities."

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In the balance sheet, all the assets or property of every sort are listed on the left-hand side. These items are covered on the other side by capital stock, funded debt and other obligations. Clearly the two sides are co-extensive, forming the same valuation viewed from different standpoints. The left-hand side presents the view of the assets themselves, while the other shows the source of the assets—the equities, interests, or rights covering them. The assets may thus be divided according to their source, that is, according to the rights covering them. Those representing equities of the company are included in the valuation, and source is disregarded, while those covered by claims other than the company's are not included. What rights then should be considered as constituting the company? These may be considered as capital obligations, and it is only property covered by them that should be included in the valuation entitled to a return.

In ordinary business corporations, the stockholders, of course, form the company, and the capital stock outstanding, together with the surplus, listed on the right side of the balance sheet, show the company's equity or investment in the business. In a public-service corporation, however, the notion of what is really the company has been very much extended. For the purpose of regulation, no difference is made between stocks and bonds outstanding. Both are equally considered as capital obligations or equities of the company. Further, this idea of the company includes all interests of a more permanent nature, covering funds which are expected to be used regularly in the service of the public, but it does not include rights of a temporary sort, representing funds which are held primarily to meet these obligations.

Although the terms "more permanent" and "more temporary" are here used, the distinction between company or capital obligations and other claims is fundamentally not based on time, but upon the special form or nature of the rights. In definitely drawing the distinction, the principles and technique of public-utility accounting and regulation must be properly considered. In harmony with the usual accounting classifications for public utilities, in addition to capital stock, all interest-

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bearing obligations, including funded debt and any bills payable, or even book accounts bearing interest, should be considered as equities of the company, while all non-interest-bearing items should be viewed as outside claims or as true liabilities of the company. This forms a clear line of division between capital and non-capital obligations, and it also corresponds for the most part with the distinction between the more permanent and temporary investments in property, except that it is more definite. All assets derived from interest-bearing obligations are included in the valuation, while those obtained through non-interest bearing sources are not included. The first are property of the company as such, while the second represent loans and advances from outsiders.

In a valuation, it is impossible, of course, to designate what specific assets are covered by a particular form of obligation. When fixed capital is appraised separately without regard to source, the general idea that has been presented would still be effectively followed if in the valuation of working capital the total non-interest-bearing claims are deducted from the total current assets. To be sure, the specific funds obtained through non-interest-bearing items may have been devoted to fixed capital. But if the total of such claims is deducted from the current assets, and if the balance is treated as working capital, then clearly a return will be allowed only on the company's property. Assets from other sources will not appear in the valuation.

Taken by itself, the above distinction between company and non-company obligations may appear somewhat fanciful, but considered in connection with the usual practice in public-utility accounting, it presents a definite and consistent basis for determining working capital. According to generally accepted accounting standards, interest accrued on obligations of any sort is deducted from income and is not included in operating expenses. It is treated and regarded precisely as an appropriation for the payment of dividends.[1] And all money actually paid out for

[1] Charges to operating expenses are usually intended to cover materials and services consumed in operation, while charges to income account represent accrued return on investment, in the form of interest, rents or dividends.

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interest matured, just as for dividends declared, is considered as income derived from the property and not as payment of operating expenses. If then all interest is regarded as income, clearly all assets covered by obligations bearing interest should be treated as capital and should be included in the valuation on which a return is allowed.[1]

The bulk of non-interest-bearing obligations may be divided into two classes: (1) those resulting from charges to operating expenses and income, and (2) those incurred through the purchase of materials and supplies. As for the first class, when items have been charged to operating expenses, or income, the company clearly has already collected from the consumers sufficient funds to pay the liabilities incurred, and it would therefore be absurd to allow in addition a return on such funds. This is true of assets covered by accrued wages, taxes, and similar liabilities created through operating expense charges, also of those covered by interest and rent accrued charged to income, and of those accumulated for regular payment of dividends. The public in getting service is obliged to pay to the company an amount equal to the operating expenses and a fair return on the property used in the service. When this has been done, there is no reason, if the obligations for which the public has contributed are not paid, why the funds should be allowed a further return.[2]

In reference to the second group of non-interest-bearing obligations, those incurred through purchase of materials and supplies, the assets directly obtained are usually consumed in operation in a short time, and are then charged to operating expenses, and thus after all are not essentially different from the first group. There is, however, a fundamental difference which

[1] The idea of working capital as presented in this discussion seems to have been followed in the main by Commissioner Stevens in the Buffalo Gas Rate case. His view of working capital appears to be that of current assets less current liabilities, and includes debts in the liabilities if interest is charged to operating expenses. 3 P. S. C., 2nd Dist., N. Y., 621–623. Still there is some contradictory discussion on this point.

[2] If the current liabilities in a case are larger than the current assets, then the working capital is negative, and the amount should be subtracted from the valuation of the fixed capital.

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has importance in case supplies are acquired considerably prior to the time when they are consumed. There is, of course, indirect interest involved in all time purchases. A discount would usually be allowed if spot cash were paid; the difference is really interest, which is finally included in the payment of the obligation. But the materials purchased, it should be noted, are charged to the proper asset accounts at the invoice or *time* prices, not at actual cash cost, and then as they are used they are included in operating expenses, also at time prices. Thus clearly the interest involved in the time purchases is actually charged to operating expenses and not to income, as is the case with direct interest-bearing obligations. If then the interest goes to operating expenses and is not viewed as income, clearly the assets covered by the obligations should be considered borrowed and not as capital of the company.[1]

II

For the most part, there is no difficulty in determining what individual items constitute the non-capital obligations. There should be included, of course, all ordinary non-interest-bearing accounts and bills payable, accrued wages, taxes, and similar items arising through operating expenses, all rents and accrued interest payable, also dividends accrued on the usual basis, even though no dividend has been actually declared. There should be included, further, such credit reserves which have been created as a result of charges to operating expenses and which have not been treated as a deduction from fixed capital.[2] Among such reserves are those for insurance, accidents and damages, bad debts, and similar items. Let us assume, for example, that regular charges are made to operating expenses for accidents and damages on the basis of a general average

[1] If supplies are used for construction, they are transferred to fixed capital at invoice prices and presumably will be able to earn additional return in proportion to the greater fixed capital valuation. The obligation remaining unpaid should still be treated as a deduction from the remaining current assets.

[2] Accrued depreciation, which corresponds to depreciation reserve, is deducted from fixed capital included in the appraisal; otherwise the depreciation reserve too should be included among liabilities deducted from current assets in the determination of working capital.

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expectation of loss, that the amounts are credited to a special reserve, and that when the actual losses are paid, they are charged to the reserve. The balance of the reserve then at any time clearly represents funds which consumers have contributed for the payment of expenses of operation, and if full payment is deferred till a future time, there is no reason why the public should then be compelled in addition to pay a return on those funds. The same reasoning applies to all regular operating reserves.[1]

Another item to be included among non-capital obligations in the case of gas companies is customers' service extension reserves, provided they are non-interest-bearing. These represent advances made by customers for service installation work, when the amounts are to be repaid either in cash or, more usually, in service delivered. In such cases, the cost of installation can not be considered as property of the company. The advances are made not as investment but to insure the good faith of the persons applying for service. The contributors in no way share in the income of the business. The funds covered by the advances are not capital used in the business, and there is no reason why they should be included in the valuation entitled to a return. The same reasoning applies to similar advances of a non-interest-bearing sort.[2]

On the other side of the balance sheet there should be included in the statement of working capital all current assets

[1] It is assumed, of course, that in a given case the company has obtained a fair return on its investment above the charges to operating expenses. If it has not obtained such a return the deficiency, according to New York and Wisconsin procedure, will be covered by going value, and thus the above generalization will still hold true. It is further assumed throughout in this paper that the public is obligated to pay operating expenses and a fair return on investment and no more.

[2] A controlling company might make non-interest-bearing advances, which would truly represent capital investment and should not be deducted from current assets in the determination of working capital. In such cases, the advances should be considered in the nature of premium on capital stock or as surplus. But, if the rule were strictly followed that all non-interest-bearing obligations would be deducted from current assets, then, of course, all capital advances by a controlling company would be made on an interest-bearing basis. The company would then take its return directly as interest on the advances instead of as increased dividends on the capital stock owned.

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that are reasonably held in connection with the business. These current assets include all ordinary notes and accounts receivable, cash, materials and supplies, and prepayments, also construction work in progress, if that has not been already counted in the appraisal of fixed capital; but they do not include outside investments. The latter are supposed to be financially self-supporting, bringing their own return, and not depending on service rates paid by the public. Among investments should be included usually all interest-bearing notes and accounts receivable. The reason for this is that all interest receivable accrued is ordinarily classed as non-operating income, not as operating revenue as are all returns from other property used in the service. If the interest accrued is not treated in the system of accounts as return on the property, then clearly the notes or accounts bearing interest should not be included in the capital employed in the business. They are viewed as outside investments, even though they originated through the regular course of business and the funds embodied are intended for use in the service. To the extent, however, that the interest accrued on notes and accounts, or on any investment of excess current funds, is included in or credited to operating revenues, and is thus viewed as return on the property, the items involved should then be added to current assets in the determination of working capital.[1] But if the interest accrued is classed as non-operating income and the property from which interest is derived is nevertheless included in working capital, then the company will clearly receive a double return on the same asset, in regular interest and in the rates paid for service by the public.

[1] It would doubtless be better practice to credit interest accrued on bank balances and other current items to operating revenue instead of to non-operating income. Then the balances could be logically included in working capital. The question may well be raised whether even the income from depreciation funds, or from any funds that are clearly intended to be used in connection with or for the protection of the utility, should not be treated as operating revenue, and the investments included in the valuation on which a return is allowed. In any event, however, it should be clear that the particular assets and liabilities included in the statement of working capital must be determined according to the accounting standards prescribed by the commissions, or, in general, by the mechanism employed for the control of return on investment.

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An important question arises as to the proper treatment of unbilled service and, in the case of gas utilities, of gas in the holders and mains. Ordinarily these items do not appear in the balance sheet of a company. If they are to be included among current assets, a special appraisal must be made. Strong argument may be presented that they are essentially no different from other assets, that they are really property of the company, and should appear in a complete statement of its capital. Unbilled earnings are amounts accrued for service rendered but for which bills have not yet been presented to the consumers. They are in the nature of accounts receivable, except that they have not yet been taken upon the books of the company. This is done when the meters are read weekly or monthly, as the case may be, and is a matter of practical convenience. The amounts are really due the moment when the service has been rendered, so why should they not be treated precisely as are accounts receivable in the statement of working capital? Like considerations may be urged as to gas in holders and mains and similar items. Such gas is really in the nature of materials and supplies held for sale. While it cannot practically be carried on the books of a company as are ordinary stocks of supplies it is nevertheless of the same nature, so why should it not be treated in the same way in a valuation for rate-making purposes?

There is undoubtedly considerable force to the argument as just stated. But the disposition of the matter, it seems to the writer, should not be determined by the apparent nature of the items, but again by the accounting methods followed in the calculation of the return on the company's investment. And this accounting procedure obviously depends upon the practical requirements of the business. Service simply cannot practically be taken on the books the moment it is rendered, nor can gas as it is manufactured. At the time of the valuation, while the amounts do not appear on the balance sheet as assets, neither have they been taken as the basis of accrued profits. When finally they are taken on the books, they are credited to operating revenue and will thus appear as future profits. The past operating records of the company used for estimating returns for the future are all based on this procedure. Is it reasonable,

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therefore, to include in working capital items which in the assumptions and calculations of a case are viewed in connection with future operations? All expenses in their behalf have already been charged to operating expenses, and the company has thus been fully reimbursed for all outlays. In the operations for the next period, present unbilled earnings and unsold gas will be taken on the books, then to reimburse the company for expenses incurred, and then to provide return for the use of capital. The company, therefore, will be treated with justice if these amounts do not appear in the present valuation.

If, however, the items in question are included in working capital, then to that extent, unless the usual method of revenue accounting be changed, the company will receive a double return on its investment. They would appear as capital at the time of the rate determination, and subsequently when regularly taken on the books, they would be treated as profits. The same items would be taken as the direct basis of present capital and future income. Of course, they can be fairly only one or the other. If they be treated as present capital, the calculation of future income should be adjusted accordingly. This would be impracticable. It would be all but impossible to enter regularly in the accounts service as it is rendered or utilities as they are created. The amounts cannot be made definite till the time of the meter readings. For this reason they had better be excluded from the valuation and be treated in the usual way in the determination of income.[1]

It should be emphasized that throughout the history of a company for any fiscal period the profits were calculated and taken out of the business, without the inclusion of the items under discussion. If, with income thus determined, the company has obtained a fair return throughout on its investment, that is all it was entitled to receive, provided its capital has been kept intact through sufficient charges to operating ex-

[1] The Wisconsin Railroad Commission states that "gas in holder and gas and current delivered but not billed, would, in this case, seem to be items that belong with earnings and operating revenues rather than in the capital account." State Journal Printing Co. *v.* Madison Gas and Electric Co., 4 W. R. C. R. 501, 551. The statement is not very clear, but seems to imply the idea of the above discussion.

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penses. But if, by this method of accounting, it has not received a fair return on capital, the deficiency, with full allowance for compound interest accumulations, may be added in the valuation as *going value*, under the general caption of development expenses.[1] The company thus cannot possibly suffer an injustice if unbilled earnings and unsold gas are not included in capital. If they are included, the company to that extent simply obtains an advantage that it is not entitled to receive.

It may be desirable, nevertheless, in order to give a complete showing of the business at the time of the rate determination, to include unbilled earnings and unsold gas in the statement of current assets. Then, so as not to give the company an undue advantage, the amounts should be offset by a liability or reserve item, which should be included among the non-capital obligations. It must be remembered that all expenses incurred have already been charged to operation, so that the company has been fully reimbursed for its actual outlays. The assets in question should thus be viewed not as the company's but as covered by obligations to the public, held to compensate the company for future services to be rendered. The reserve would be treated precisely as are other operating reserves, which are included in the deductions from the statement of current assets.[2]

III

The statement presenting the calculations of working capital may be based on average current assets and current liabilities covering a specified period of time, or it may present the facts as they stand at the date of the valuation. The latter basis appears the more satisfactory, provided the facts are clearly and

[1] This is clearly true according to the New York and Wisconsin rules, and would undoubtedly be sanctioned by the commissions and courts in other jurisdictions. *Cf.* the writer's "Going Value in a Physical Appraisal in a Rate Case; The New York Rule," POLITICAL SCIENCE QUARTERLY, vol. xxx, pp. 463–475.

[2] If in practice unbilled earnings and unsold gas are included among current assets and are not offset by a reserve as here suggested, and if no other accounting adjustments are made to offset the undue advantage thus given the company, the amounts should at least be deducted from any allowance for *going value*. If this deduction be made, its effect clearly would be to adjust past income statements for the unusual items taken into the capital account.

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honestly presented and have not been specially manipulated for the benefit of the company. A statement based on averages may work either in favor of or against the company. For example, suppose that during the earlier months of the period included in the averages, there were large amounts of cash and materials which later were used extensively for construction purposes, leaving relatively small amounts at the close of the period. The decrease in current assets obviously produced a corresponding increase in fixed capital, but the large balances during the earlier months raised the average and thus resulted in showing a larger working capital than actually existed at the time of the valuation. There is clearly a duplication. The same funds are shown in fixed capital and are used to swell the average of working capital. The company, of course, gains by this procedure.[1]

On the other hand, a calculation based on averages may understate the actual working capital of a company. All funds, of course, which have been provided by the company and are reasonably employed in the service are entitled to a return from the public. Suppose, now, that during the latter part of the period covered by the averages, large amounts of cash were raised and materials purchased for construction purposes, but were merged with the regular current assets of the business. All the additional funds are entitled to a return and should appear in the complete statement of capital. Under our assumptions, however, they are not included in fixed capital and, being averaged over a period, they do not show to the full amount in working capital. This procedure is clearly unfair to the company.

If the accounts are not specially rigged merely for the purpose of making a large showing, it would be more satisfactory to include in the statement of working capital, not an average, but the facts as they are at the time of the valuation. Averages might, of course, be used for the purpose of comparison, to

[1] This duplication would be avoided if cash and materials to be used for construction were kept distinct from those employed in current operations. Practically, such a separation would be difficult to maintain, and few companies, if any, have ever attempted such a segregation.

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test the reasonableness of the capital employed. But if the funds on hand are reasonably required by the service, either for construction or current operations, there is no reason why they should not be counted at their actual amounts at the time of the valuation. In this way, there would be neither over nor under statement of total capital.

IV

There is another concept of working capital, or, perhaps better, another method of calculating it, which has been used in some cases and which should receive consideration in the present discussion. This view is that working capital consists of carrying charges borne by the company in connection with operation. This includes the costs carried by the company after plant and equipment have been installed, from the beginning of operation till the business becomes financially self-supporting—i. e., till the cash receipts equal the ordinary cash disbursements. The idea may be presented more clearly by illustration. Suppose that in a given case the company were beginning business new, that it has ready for service its actual fixed capital, and that the amount of service to be rendered will correspond with what the company actually expects to provide. Now, the ready funds that would be required to provide for materials, labor, insurance, taxes etc., till the receipts of the business cover current expenditures, would be considered working capital. This, it would be assumed, represents actual investment, which would be as necessary to the company as fixed capital and would be entitled to earn a return from the public.

In line with this view, the amount of working capital in a case is roughly determined as follows. An estimate is made of the average length of time required by consumers after receiving the service till they pay for it. This would be considered the period during which the company bears the costs of the business. Then the average operating revenue that belongs to the period is determined and the fair average ratio of operating expenses to operating revenue is calculated. This ratio is applied to the operating revenue for the period in question, and the product represents approximately the funds that the com-

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pany has tied up in current operations, i. e., its working capital. Suppose in a given case that the operating revenue for a year (on the basis of past rates) is $1,200,000, that the operating ratio (expenses to revenue) is 60 per cent, and that the average time used by consumers in paying for service is two months. The operating revenue for this period would then be $200,000 and the expenses incurred $120,000. This would be the necessary working capital. If the company were starting new, with its actual fixed capital and volume of business, it would practically have to provide this amount in its initial investment. And we may assume, therefore, that the company actually has this sum tied up in the business and has a right to earn a return on the amount.[1]

Much may be said in favor of this method of calculating working capital. It seems, nevertheless, that the amount thus determined should not be taken directly as the working capital of a company, but rather as a check on the reasonableness of the sum shown by the statement of current assets and current liabilities, as presented earlier in this paper. We must remember that the company has a right to a return on its property actually devoted to service, provided it is reasonably needed. If, in the case assumed, where the funds tied up in current operations amount to $120,000, the company has an actual working capital of $500,000 (i. e., current assets above current liabilities), the latter amount would seem excessive and might justifiably be cut down. But the $120,000 may be viewed as a necessary minimum, and the company may be justified in having considerably greater funds in available materials and supplies,

[1] The above method of calculating working capital has been employed in several cases, notably in the Commonwealth Edison Appraisal, Chicago. See Report to the Committee on Gas, Oil, and Electric Light of the Chicago City Council on the Investigation of the Commonwealth Edison Company, by Ray Palmer, City Electrician, and John E. Traeger, City Comptroller, May 14, 1913. The method of calculating is needlessly involved. Substantially the same results would be obtained if, when the average period used by consumers to pay for service has been determined, we should simply determine the fair average expenses incurred by the company during that time. Thus, in the case assumed, the working capital would be equal to two months' expenses. The above general method of determining working capital is suggested by Commissioner Maltbie's discussion in the Kings County Lighting Case, 2 P. S. C., 1st Dist., N. Y., Oct., 1911.

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cash, and various prepayments. The conclusion might well be that $500,000, current assets less current liabilities, is a greater working capital than is reasonably required, and that $200,000 would be a fair amount to allow in the valuation. Thus, the $120,000 carrying charges would not be taken directly as the working capital in the case but as a basis of comparison in judging the reasonableness of the actual working capital held by the company.

On the other hand, the $120,000 carrying charges might be greater than the actual working capital on which the company should get a return. If the materials used are regularly purchased on time, and if payment for labor and other expenses is usually deferred for a considerable period, then to this extent it is clearly not the company but the current creditors that bear the carrying costs of the business, and the amounts involved should not be included in the valuation. Thus, the actual working capital in the case may be only $50,000, and there would be no reason for allowing a return on the full $120,000 tied up in current operations. Of the latter amount, $70,000 should be viewed as contributed by creditors or the public and not by the company.

If, nevertheless, the carrying charges are taken as the primary basis in determining the working capital in a case, then, clearly, adjustments should be made so that the amount may correspond with reasonable actual conditions. Thus additions should be made for the balance of cash, materials and prepayments, and subtractions for any current obligations. The net result, therefore, would be theoretically the same as shown by the statement of current assets and current liabilities, unless by comparison the latter amount would appear to be excessive. It would seem, therefore, that in the determination of working capital, the clearer and more direct calculation would be to take as the primary basis current assets less current liabilities, and then to make such adjustments as would seem reasonable through analysis of the carrying charges of the business. This procedure would clearly conform with the fundamental principle of regulation, that a return should be allowed on a company's actual property used in serving the public.

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FETTER'S PRINCIPLES OF ECONOMICS[1]

THE strong disagreements which persist today with regard to the methodology and content of political economy make the appraisal of a newly appeared "Principles" an undertaking of no small difficulty. When giving commendation or passing criticism, one feels he must either deliver himself of his mere *ipse dixit* or involve himself in arguments to defend his evaluations before the majority who are almost certain not to judge from his standpoint, even if they possess no common standpoint. Such arguments are nearly interminable by nature. Their laboriousness and general ineffectiveness are indeed disheartening. And so neither the alternative of the *ipse dixit* nor that of the argument is altogether attractive. Fetter has made certain amendments to the theory of value in the interest of casting out hedonism. It is discouraging to think of attempting to argue the questions involved in reasonable compass, especially if one imagines himself addressing that present-day company who rely upon hedoism's total and irretrievable destruction as a philosophical *fait accompli* and see nothing but hedonism in "classical" economics. This is that group of gentlemen engaged in demolishing everything tinged with hedonism in our fair science. For each of them that has appeared in our forums there are numbers who have not as yet discharged their shots in public. It seems, according to their way of thinking, that the banishment of hedonism will leave nothing much in economics but the "genetical" account. The syllogism implied in their conversations is:

Major premise. The entire structure of "classical" or "deductive" economics is hedonistic.

Minor premise. All that is hedonistic belongs in the ash can of science.

Conclusion. Obvious.

One of this school, a professor in the making being taught by a professor already made, has been heard to maintain that when a manufacturer of motor cars puts stronger but softer springs in his machines, this is not done because of any greater satisfactions that will be afforded consumers, nor because of any greater amount of money receipts that might fall to the manufacturer in consequence thereof; but is done solely for the maker's entrepreneurial self-realization. It is appalling

[1] See note 1, p. 431.

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to think of argument with one so filled to the brim with new psychology. Doubtless what is to follow will slip into the ways of argument, but endurance will be lacking to pursue these ways to their ends. This is to be, in the language of one Ambrose Bierce, merely a "transient record of individual opinion." Wherever "it seems to me" is not expressed, it is by stipulation implied.

Professor Fetter's *Economic Principles*[1] appeared last autumn. The book is the first half of a two-volume treatise on economics. The second half, *Modern Economic Problems*, is announced for September, 1916, to make the applications of principles. In general Professor Fetter's theory may be described as mechanistic and Austrian. To call it mechanistic signifies that, like the usual type of economic theory, it treats the industrial and business system as being somewhat analogous to a mechanism, in that the operations of this system are explained in terms of practically contemporaneous causes and effects without reference to the changes in its structure which take place with the passage of time. Here "mechanistic" is substituted for the less appropriate "deductive" as a description of the classical type of theory. Mechanistic explanation contrasts especially with "genetical" explanation, though it seems doubtful if a precise line can in the last analysis be drawn between the two. Fetter's book shows a pride in its own novelties, but as far as methodology is concerned it is as mechanistic as the work of Ricardo, or the theory of interest of Irving Fisher, or the theory of distribution of John Bates Clark. And this is as it should be. For economics is best described as the study of the structure and action of the industrial system, with an object in view, namely, that of making us good judges of questions of the policy of the state (or of any body of persons, such as organized labor or capital) toward the industrial system. That is, the touchstone of importance and relevancy in economics is applicability to questions of public policy. It is on the strength of this test of relevancy that Fetter's methodology is pronounced the right one. It is also merely the dominant methodology of all the leading general texts past and present.

It seems just to state that Professor Fetter's theory is Austrian in its general character, because he conceives of the value of final products as being derived solely from the gratifications of consumers which these goods condition (though he has much impaired his statement of this tenet owing to a misguided deference for the "new psychology"),

[1] Economic Principles. By Frank A. Fetter. New York, The Century Company, 1915; x, 523 pp.

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and similarly because he conceives of the value of production goods as being derived solely from the value of their products. He interprets the relation of entrepreneur's cost to price (see chapter 28, sections 8-13) in entire accord with this system of thought, just as von Wieser has done, by a theory of the value of what the latter called "cognate" products.[1] He thus harmonizes the law of entrepreneur's cost with what we were once prone to call the utility theory of value. The reconciliation is a pretty piece of theorizing, more fully worked out by von Wieser than by Fetter, and in any case Austrian. Fetter's theory of price (chapter 7) is like Böhm-Bawerk's. Fetter upholds a pure agio theory of interest, the veritable blood-brother of the utility theory of value. Böhm-Bawerk showed that the agio theory is necessarily part and parcel of the same dialectic as the utility theory, even if this great theoretician did unconsciously depart from the utility dialectic when he advanced his doctrine of the roundabout method. The present reviewer commends Fetter's theory as much for its Austrian as for its mechanistic character.

In the preface of *Economic Principles* our author is discovered in a somewhat belligerent frame of mind. Speaking broadly of texts which have appeared since the middle of the nineteenth century, he says:

> The ambition of successive writers has been "to modernize Mill" rather than to modernize economics. Books continue to appear, repeating with little essential change the theoretical system of the English classical school. Their innocuous references to more recent constructive criticism have little purpose but to evidence the erudition of the authors and their spirit of Christian charity.

The newer criticism, a "body of esoteric doctrine discussed only by the initiated and merely hinted at in undergraduate instruction," has touched the general text-book and the general college course only superficially and here and there, occasioning such changes as the substitution of "the novel soporific locutions of the marginal utility school for the older catch-words of 'cost of production'" (page vii). The purpose of the book now being offered to the public is to give the new thought a positive and systematic exposition which will place it at the disposal of the general reader and the student of elementary economics in college. To accomplish this purpose it carries forward the argument of the author's earlier *Principles of Economics* published in 1904. While differing much from this prior volume in general plan and detail,

[1] Von Wieser, Natural Value (English edition of 1893), page 172.

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the new book builds upon it as a foundation. Among the properties belonging to the newer thought are "psychic income, the renting contract, the relation of repairs and conservation to the land supply, time-preference, the investment concept of capital, the capitalization theory of interest, the volitional theory of population, and the psychological theory of crises" (page viii). These were some of the "novel terms and conceptions" set forth in the volume of 1904. These ideas are retained in the present book, and to them is now added a "new statement of the theory of value based on modern psychology."

As propagandist and champion of the newer thought, Fetter shows little tendency to coöperate with others. While one would not accuse him of giving the reader to understand that he himself is responsible for all the "innovations" appearing in his treatise, he makes little or no mention of the views or work of other economists. His infrequent references are practically all to writers in other fields or to a few historical figures in the field of political economy. The reviewer is not especially impelled to criticise him for this. The question of the precise authorship of various doctrines and parts of doctrines is at best an annoying one. An author who has a mind to give a systematic exposition of principles for general consumption may cut the knot of this problem by the elimination of references, and for this policy there is more or less precedent. Be this as it may, the names of Böhm-Bawerk and von Wieser are not printed in Fetter's book, to say nothing of writers nearer home.

One's prejudices are touched by the promise to utilize the new psychology in the rebuilding of economic theory. It is doubtful whether this body of knowledge has important applications to any branch of theory; and at all events it is difficult to see that it compels the slightest recasting of the utility explanation of value. Indeed one may question the advisability of a change in the wording of the explanation, as a mere matter of tactics to relieve us from the misconceived attacks of some of our latter-day students trained primarily in philosophy and ethics. Since the time when the reviewer heard a teacher of economics maintain in conversation that the theory of railway-rate regulation would have to be revised in view of the new psychology, his prejudices have been rejuvenated, because this makes him think of pleading before a railroad-commission that instincts have three parts—afferent, affective, and efferent parts—though this is not quite fair. It appears in a nutshell, according to the statement of those who should know, that the new psychology provides us with a type of impulse theory, rather than hedonistic theory,

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of human conduct. It tells us, for instance, that an instinct may be analyzed into three parts, and tells us what the chief instincts are with their accompanying emotions. Thus we have the instinct of flight and the emotion of fear, the instinct of repulsion and the emotion of disgust, and so forward. It details many other things, all, however, more remote from the railway problem than even the utility theory of value. The latter at least possesses the merit of helping to explain certain principles which *are* taken into consideration in dealing with the railway problem.

And so when it becomes a duty and pleasure to study Professor Fetter's book, the reviewer takes the trail of the new psychology with interest. It does not prove to be the "trail of the serpent." Rather the new psychology merely appears, to impress one of Fetter's words, "innocuous." It is true that it seems to have interfered to a degree with a clear statement of the relation of value (in the sense of subjective value) to utility or usefulness, but apart from this you could seize upon it at the various points in the book where it may be found, and lift it out bodily, and leave the real argument unchanged. Professor Fetter, however, says:

> The author . . . presents here a quite new statement of the theory of value, one in accord with the modern volitional psychology, thus eliminating entirely the old utilitarianism and hedonism which have tainted the terms and conceptions of value ever since the days of Bentham. The basis of value is conceived to be the simple act of choice and not a calculation of utility. Even the phrase "marginal utility" is definitely abandoned. [pages viii, ix].

And as for "utility" simple, this is re-defined as capacity to confer benefit instead of capacity to excite desire. Thus deleterious things cease to have "utility" even when desired.

The reviewer feels drawn on to discuss this matter of hedonism—in spite of the fact that Fetter has really next to no kinship with the thinkers seemingly most desirous of reforming economics through the new psychology, namely, the propounders of the "genetical" explanation of the economic world. Fetter is as distinct, dissimilar and disparate from these as are Böhm-Bawerk, Fisher or Clark. Now what has the new psychology to say to the economic theorist? William McDougall's *Social Psychology* was published in 1909 with a view to giving the answer to this question and similar questions pertaining to other social sciences. Fetter does not mention McDougall, but McDougall addresses himself to the issue in hand as follows:

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It would be a libel, not altogether devoid of truth, to say that the classical political economy was a tissue of false conclusions drawn from false psychological assumptions. . . . The great assumption of the classical political economy was that a man is a reasonable being who always intelligently seeks his own good or is guided in all his activities by enlightened self-interest; and this was usually combined with . . . psychological hedonism . . . that is to say, good was identified with pleasure. . . . But mankind is only a little bit reasonable and to a great extent very unintelligently moved in quite unreasonable ways.[1]

Later we find as a more positive declaration of the thesis of modern psychology, that

directly or indirectly the instincts are the prime movers of all human activity . . . and all the complex intellectual apparatus of the most highly developed mind is . . . but the instrument by which [the instinctive] impulses seek their satisfaction.[2]

An instinct is defined as

an inherited or innate psycho-physical disposition which determines its possessor to perceive, and to pay attention to, objects of a certain class, and to experience an emotional excitement of a particular quality upon perceiving such an object, and to act in regard to it in a particular manner, or, at least, to experience an impulse to such action.[3]

McDougall, like other similar critics, is almost wholly content with giving mere general condemnation of the premises of the classical writers. Except for the doctrine of *laissez faire* or the harmony of interests, to which he devotes a few lines, he considers no individual articles of belief of the school, such as the differential theory of rent, the labor theory of value, or the wages-fund theory. These and the theories of international trade and the international distribution of specie seem far from being on an hedonistic basis. McDougall's statement that the classical political economy is a tissue of false conclusions drawn from false psychological assumptions, is rather broad. Something might be wrong with it here and there other than its psychological assumptions. Indeed the main errors that have been shown to reside in it are due, not in the least to hedonism, but to entirely distinct factors. Not even the utility theory of value rests on an

[1] McDougal, *op. cit.*, p. 11. [2] *Ibid.*, p. 44.

[3] *Ibid.*, p. 29. Professor W. C. Mitchell's two articles on the "Rationality of Economic Activity" in the *Journal of Political Economy* for 1910, consider the lessons for economics deducible from McDougall's book.

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hedonistic foundation. Presently argument will be adduced to justify this statement. It is true that Gossen, one of the very earliest writers to uncover the dialectic of the utility theory, was exceedingly hedonistic. Also there are the extreme statements of Jevons that his theory (that of "final" utility) "is entirely based on a calculus of pleasure and pain." He goes on to say "the object of Economics is to maximise happiness by purchasing pleasure, as it were, at the lowest cost of pain."[1] Nevertheless it can be shown that neither Jevons's theory of final utility nor the similar Austrian theory of marginal utility rests on the technical hedonistic premises that pleasure is the end of life, or the object of desire, or that pleasures differ only in intensity, or what not. The utility theory remains unscathed by the new psychology. At least, a utility theory, containing what was and is the important contribution of the doctrine, framed in the same terminology as the Austrian teachings, can be defended without hedonistic premises. McDougall's pages, it should be stated, are occupied almost exclusively with giving the content of modern psychology in a form which he regards as appropriate for the consumption of students of the social sciences.

Professor Veblen, in a vein similar to McDougall's, affirms that

> the central tenet . . . held by the classical school . . . and its specialized variant, the marginal-utility school . . . is that of the hedonistic calculus. . . . The relation sought by [hedonistic] theory among the facts with which it is occupied is the control exercised by future (apprehended) events over present conduct. Current phenomena are dealt with as conditioned by their future consequences; and in strict marginal-utility theory they can be dealt with only in respect of their control of the present by consideration of the future. Such a (logical) relation of control or guidance between the future and the present of course involves an exercise of intelligence, a taking thought, and hence an intelligent agent through whose discriminating forethought the apprehended future may affect the current course of events: unless, indeed, one were to admit something in the way of a providential order of nature or some occult line of stress of the nature of sympathetic magic.[2]

And how disturbing it all becomes when Veblen works along to the point of applying to our poor economics such unfeeling adjectives as "teleological." An explanation of the valuation of economic goods, or of the disposition of these goods in production, which assumes "in-

[1] Jevons, Theory of Political Economy, ed. of 1888, page 23.

[2] See Veblen's "Limitations of Marginal Utility," in the *Journal of Political Economy* for 1909, page 622.

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telligent" beings who "take thought," begins to seem almost criminal, though Veblen doesn't say it is. Should one try to show, for example, that when petroleum is found on common land, the sudden ascent of the capitalized value, or value of the realty, is due to the anticipated increase in its income stream or money yield, it would seem he lays himself open to a dressing-down as rationalist and hedonist!

Veblen's arguments concern not merely the limitations of marginal utility but of mechanistic theory in general. His points are: (1) that this theory merely assumes institutions to be what they are or what it conceives them to be, and cannot account for their origin or predict their future changes; (2) that in its teleological character it differs radically in its methodology from modern sciences generally. Now these things leave one unmoved. There is a great body of questions of public policy, of which a competent discussion and a scientific discussion (in the sense at least of a non-partisan and truth-seeking discussion) must be "teleological," that is, must deal with the intentional and the purposeful. A systematic and general survey of the business order, with a view essentially to obtaining results applicable to this body of questions, gives us substantially what we have for a long time called the principles of economics. There is, no doubt, considerable scepticism among mechanistic theorists regarding the applicability to these questions, of results obtained from the distinctive type of deep-going genetical study which reaches down to the tap-roots of human institutions. The chief remedy to be applied is the emergence of the genetical debaters from the realm of methodological criticism. It must be remembered that the study of the facts of the immediate past has always been engaged in by the mechanistic type of economist. Practically speaking, all facts are past facts. A mechanistic handling of the facts of our money and banking system in the decade of 1860 would not, we should say, constitute a genetical account. If it would, there has never been a non-genetical economist.

Fetter would probably agree with what has just been said. But now he comes, in his treatise on the science of public policy, in chapter ii on "choice and value," and likewise proclaims to us the new truth hitherto unapprehended by economists, that choices are determined "in a great degree by instinct."

Every living creature has a nervous organization of some sort—plants as well as the lowest forms of animals. This nervous organization [reacts] in certain ways to external stimuli. The seed . . . sends rootlets into the earth in search of water and of the particular soil-elements which it by

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nature "chooses," it sends stock and leaf upward into the light and air, it spreads or climbs or twines according to its nature. . . . The chick picks its way out of the shell, and then instinctively (by its inborn nature) picks at any article it sees. . . . The new-born child. . . . Some food it rejects, other food it takes [page 12–13].

By and by it develops conscious desires. It all comes to this, that the instinctive elements of choice are very potent. And this is all it comes to. What there is in this to contradict the utility theory the reviewer does not know, but in it Fetter finds sufficient inducement to abandon its older terminology and to announce a new statement of the theory of value. In order to avoid speaking of marginal utility, an offense which he does not commit outside of his preface, he employs circumlocutions less helpful than what he has unkindly called the "soporific locutions" of marginal utility.

Before its critics the crime of the utility theory seems to be that it makes declarations like the following. Men produce goods to satisfy their desires. But if a given kind of good capable of satisfying a man's desires exists in a superabundant quantity available to him, so that more of this good would not mean any more satisfaction, a man will not work to make or get more, and will not spend money to get more. He attaches no importance under the circumstances to a single unit or small part of such a good, because his satisfaction is not *dependent* on, or conditioned by, such a unit. Nothing in the way of satisfaction appears if he adds a unit nor disappears if he loses one. The importance which we as men attach to individual goods upon which some satisfaction is dependent, may be called *value* [this is Menger's original definition of value], or more specifically "subjective value," to distinguish it from other types of value which must be examined. Goods, however useful in general character, which are superabundant, do not possess the superior importance for welfare called value. Whereas a useful article that is scarce always has this value, an increase in its quantity will make the value fall owing to the inevitable ultimate decline in the importance of the satisfactions which the successive units of the good will afford. That is, the greater the stock under the control of a man, the less the importance or value to him of some one unit or part of the good, because the less the dependent or conditioned satisfaction. This is due to the satiability of human wants for any given type of commodity. And so the argument of "marginal" utility runs, though this is just a bit of it thrown together without particular care.

Now we do not mean that the buyer of goods sits down and as a logician makes a formulation of this doctrine or goes over it as a prayer, or

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quoths to himself that the marginal utility of this or that is such and such. If Mary sends John for some pork chops, do we think that John goes through with some fantastic conscious computations respecting the marginal utility of chops? We do not suppose that John goes through these agonies. The truth of marginal utility depends no more upon John's consciousness of the principle or upon his thinking "marginal utility" in words, than does the truth that the blood circulates depend on a man's knowledge or consciousness of its circulation. Nor does the truth of it depend on John's having no instincts. We are merely trying to explain what lies beneath some of the phenomena of market prices. And the things affirmed are true of the most ignorant specimen of the human race. These truths are dependent neither upon his formulation of our theory nor upon the "reasonableness" of his desires or general rationality of his existence. For instance, the utility theory applies to Teddy-bears whether the desire for these creatures is "rational" or not, as our critics use the term. If the reviewer draws upon conversational experience he is only commenting on some of the effects of the new psychology propaganda on the teaching of economics. Said one professor in his hearing: "There is no use talking, the world is not as assumed in economic theory. Take the demand for Teddy-bears. That is not *rational.*" But the utility theory makes no assumption that men are rational in the sense that their desires are wise or well-considered according to the standards of some person or other. If some one should spend his entire income on oatmeal, procuring say 100 tons for the next winter's use of himself and wife, that would be the kind of irrationality that would surprise the utility theory. The theory rather assumes that men are not what in the language of the people we call "crazy." But the original formulators of the doctrine, not having the modern psychology in mind, unfortunately did not succeed in putting together a structure like the latest models of automobiles—insusceptible of misapprehension.

Of great importance the utility theory is not. The importance attaches to the empirical law of demand which it explains. But what can be the error of the theory? It states that men desire goods. Do they not? It has no doubt been made to say at times that men seek satisfaction, when it might have confined itself to saying that they seek goods. It speaks of the power of goods to satisfy desire as utility. This is a synonym for usefulness. Do not goods have usefulness, or does the anti-hedonist wish to run "usefulness" out of the language? Are desire and satisfaction myths? Fetter speaks of desire as "a mental reaching out for things." This is on a par for effectiveness

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with defining desire as a "feeling of incompleteness," suggestive of a man with a wooden leg. We give a definition in certain terms. We may in turn define these terms. But we cannot go on defining terms forever. In time we reach fundamental undefinables. Such are "desire" and "satisfaction." Their meanings are understood by all, but definition of them is futile.

Does not the superior importance of scarce things as described by the utility theory exist? And do not men both fail to produce and fail to demand the production of things, however useful as a general class of objects, when these things are superabundant and thus fail of this importance? This superior importance is called value. What is there in anti-hedonism which counter-indicates this use of the term? In searching further for what may be the psychological error of the theory, we shall have to make the fragmentary and rudimentary statement of it which has been given above serve our purposes. It is hardly feasible here to attempt to give it a fuller statement as a theory or part theory of market price and defend it against the various misapprehensions from which it has suffered. It is said that the conduct of men is governed by their instinctive impulses, or that what they desire is a matter of instinct. Of course. The utility theory has not denied or ignored this. It states that objective goods are necessary to satisfy desires and their usefulness is their capacity to satisfy desires. The utility theorist could say that goods are necessary for the *realization of instinctive impulses*, and then eliminate the word "satisfaction" and explain his points all over again. But to what end? It would be merely more pedantic and on the whole less intelligible. The fact that hunger is an instinct produces no modification in the proposition of the satiability of hunger and the consequent declining importance of successive increments of food. What advantage would be gained by saying that value (in the sense of subjective value) depends on *the marginal enabling power of goods to further the realization of instinctive impulses?* The utility theorist can readily admit that what man wants or the character of man's wants depends on his inborn nature. On what else in the world should they depend? No doubt they depend on the make-up of his instinctive impulses, however complex, or imitative, or socialized, however much influenced by advertisement or salesman's talk. The reviewer once attended a class in an American institution where the professor in charge, after chastising the classical political economy as being hedonistic, explained that the hedonistic conception of the mind was that of a mind without instincts or impulses and possessed of a reason only!

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Could a more stupid misapprehension be imagined? It is impossible to believe that even the purest hedonist proper ever held such a nonsensical conception of the mind.

Attacks on the importance of the utility theory would be more telling than the attacks of anti-hedonism on its truth. Errors in presenting it are not uncommon, especially in connection with the use of the term "marginal" as applied to goods which the consumer does not use in plural numbers or in stocks. Even William Smart went astray in an attempt to find the "marginal" utility of a piano to the user![1] Then there is the offense against the good sense of the theory in making it cover such a phenomenon as the international distribution of specie. For example there is the idea that gold distributes itself among the countries of the world in such a manner as to attain an equality of marginal utility in all countries, as advanced by Charles A. Conant.[2] If gold seeks an equality of anything here, it would be an equality of general purchasing power over goods, or an equality of general exchange value, this being what Ricardo maintained.

In the reviewer's opinion, the more significant truths sought to be conveyed by the utility theory are not contradicted by the new psychology; but if they should be, it would be incumbent on the new psychology to square itself with these plain truths. Incidentally, no large number of professional psychologists have been showing an interest in the reform of economics in the name of their science. In Fetter's book the new psychology seems to exhaust itself in making the introductory exposition of the theory of value less clear. Fetter defines "value," for instance, as the "quality of importance which things have when they are the subjects of man's choice" (page 19). It is submitted that the Austrian definition of value tells the intelligent student something, whereas Fetter's distinctly does not. Again, on the same page, value is described as "the quality in an object in the environment to influence a man's action in respect to the control and use of the object." But the point is not made. Why not give a definition that explains the distinction between value and mere usefulness and let the new psychology take care of itself? Something is made of the idea that choice precedes valuation rather than valuation preceding choice. Thus, value

is not to be thought of as something in a thing before man makes it an object of choice. The logical order is: first, choice; secondly, a valuation

[1] In chapter vi of his Introduction to the Theory of Value.

[2] See his Principles of Money, vol. i, book i, chapter vi.

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by necessary implication; third, value—the quality imputed to the object. Yet in real life these are but three phases, absolutely contemporaneous, of the same thing [page 19].

This may be true, but it is difficult to see how it affords a reason for changing the terminology of the utility theory. Under the caption of "the direction of labor guided by the value of its results" Fetter says:

Some of the services [of labor] yield directly psychic income, and some are embodied in material goods which yield a psychic income. These various ultimate services and incomes have different values from period to period. These values serve as a guide in the application of each kind of labor, which is turned now in this direction, now in that, to render the most valuable ultimate service for which it is fitted. . . . These facts explain the constant shifting, and attempts at shifting, of laborers from one occupation to another [page 200].

Here we have the good old Austrian mechanistic thought which we might call the doctrine of value as the guiding star to labor, a doctrine sound, intelligible, and applicable. The point is that mere usefulness (even as suitability for furthering the realization of our instinctive impulses) as distinguished from value, is not in the least the guide for the application of labor power. What Fetter says, as quoted above, is just as much and just as little hedonistic as the whole utility theory of value. The question is: Where now is the new psychology? or, Where is that interpretation of it which would make it hostile to sensible economics sensibly expressed? In a subsequent chapter, the following appears:

If all the various goods . . . that labor produces were spread out before men in visible form, some would be in great demand, some would exchange at a very unfavorable ratio with others. The market for goods would come to equilibrium at a point where each buyer had adjusted his supply of services in the most favorable way, had distributed his purchasing power, as represented by his labor, so as to get those kinds and amounts of goods (including services of others) which *gratify his desires in the highest possible manner*[1] [page 214].

And again we find that "the impulse to seek immediate gratification is rooted deep in man's biologic nature" (page 240). To employ the terms "impulse" and "biologic nature" may or may not save this sentence from the taint of hedonism. Perhaps "seeking gratification" would pass muster where "seeking pleasure" or "satisfaction" would not. In any case, what difference does it make?

[1] Italics are the reviewer's.

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Attacks on the utility theory have been sufficiently numerous to make the place which this system of thought is to retain, a little question of public policy for economic theorists. The distribution of emphasis in this review has been governed rather by the reviewer's interest in this question than by a due regard for the relative importance of issues in Professor Fetter's work. For naturally there are many other matters equitably entitled to equal or greater consideration. However, what remains to be said will perforce be general in character.

The style is clear and convincing though the terminology is in places unusual. Many original and telling diagrammatic devices and illustrations are employed. From time to time a bit of moralizing appears, and then a bit of humor. There are traces of the class-room. Now and again some hoary but everlasting economic fallacy is given good and satisfying punishment.

In his *Principles*, published in 1904, Fetter suspended his entire exposition, as it were, upon the thread of the theory of value. For the book was divided into three chief parts: I, The value of material things; II, The value of human services; and III, The social aspects of value. Under this third caption were assembled his discussions of various economic problems, such as the problems of money and banking, protection, social legislation, and the like. The argument of the *Principles* of 1915 is still in great part suspended on the thread of the theory of value, though it is no longer the case that everything hangs by this thread. This gives the work an air of formal logicalness which is perhaps a mixed virtue. This is not to criticise, even by implication, the true internal logic. But the general arrangement is such as to lead, for instance, to placing the treatment of money (a very brief treatment indeed in the present volume) in part under the general division on "time-value and interest." Here the functions of money are discussed in two pages introductory to a chapter devoted to the subject of capitalization. Perhaps any feeling that the arrangement is in places a little strained is caused by an undue deference to the traditional.

In conclusion the reviewer takes the not altogether attractive alternative, referred to in the beginning, of delivering his *ipse dixit*. Professor Fetter's system of economics is mechanistic, as is right and proper. As a mechanistic system it is on the right foundation. The structure of the theory as a whole is such as to enable it to comprise the utility theory of value and the pure agio theory of interest as consistent and harmonious parts. The law of cost is handled on the assumption that the value of production goods and of labor power is derived from the value of their products. Consequently, no element of

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the productivity theory of interest remains, for it cannot persist in the face of this assumption. The hires of agents, material and human, "rents" and "wages," are not conceived as coördinate with interest. That is, interest is not treated as the share of "capital," rent the share of "land," and wages the share of "labor" in the old-fashioned way. The fourfold classification of factors in production and shares in distribution is abandoned. The generalized law of diminishing returns, as a law of the combination of all the various factors of production (instead of a law merely of the application of labor or capital to land) is given a clear exposition as the "principle of proportionality," or rather as one phase of the principle of proportionality. The phrase "law of diminishing returns" is reserved for the principle of the relation of the whole population to material resources, and its preferred name becomes "law of increasing and decreasing returns" (page 435 and note on page 440). The term "rent" is made to signify the contractual or market hire of any non-human agent. The same hire for men or labor is "wages." The yield of agents which lies back of their market hire is called "usance." "Economic rent" is rejected as an unclear and misleading piece of terminology. That is, "usance" and "usance value" are substituted. The yield of labor is also at times referred to as its usance, but Fetter does not go so far as to call the market hire of labor the "rent of labor." No vestige remains of the idea that land and natural agents alone give "rent," whereas produced means of production, such as buildings and ships, being "capital," yield "interest." That is, the theory of interest becomes a theory of the relation between the capital value and the usance value of any and all kinds of agents that are capitalized. Terminological reform stands of course on the firm justification that if you call things by names that associate them wrongly you cannot manage to make the right affirmations about these things. Whether or not all of Fetter's terminological ventures will succeed, his system of theory has the right foundation and structure.

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THE RECONSTRUCTION OF THE BRITISH EMPIRE[1]

MORE than thirty years have passed since Seeley asked whether Greater Britain was to collapse through internal disintegration, or to survive by rising to a higher form of political organization. Since he wrote there has been earnest and prolonged discussion of the "imperial question" throughout the British Empire, and where there has been discussion there has, of course, been divergence of opinion. Numerous associations have been formed, and books and periodicals published, dedicated to the promotion of Britannic unity. The Imperial Conference has come into existence and has become a regular institution, meeting periodically as a clearing-house for the consideration of questions of common interest to the United Kingdom and the dominions. One of the greatest of modern English statesmen has bidden an insular people "think imperially." The most popular of contemporary English poets has celebrated in verse the glories of the "five free nations." More important still, two wars, the last the greatest in history, have proved beyond doubt the vitality of imperial sentiment throughout the Empire. The indifference in England to the colonies and colonial questions, which marked mid-nineteenth-century Liberalism, has entirely passed away, and in the dominions no responsible political leader can longer be found to consider separation from the Empire. Thoughtful men in increasing numbers throughout the Britannic world, however, have come to believe that the present anomalous political arrangements cannot long endure, and that the Empire is confronted with the alternatives of reorganization or disintegration.

Among the numerous associations formed to study imperial questions none has given greater promise of usefulness than that known informally as the "Round Table." The reconciliation of self-government in the dominions with unity in the Empire, long viewed by many imperialists as the crux of the imperial problem, became a practical question of immediate concern to a number of thoughtful British South Africans when the Union of South Africa was about to be created. It was certain that the government of South Africa, for some time to come at least, would be carried on by the same Boer leaders and

[1] See Note 1, page 447.

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generals who had so lately been conducting implacable war against the British Empire, and it was possible that those leaders, holding office as "responsible ministers" of a "self-governing" dominion, and supported by a Boer majority in the parliament of the Union, would claim the right to determine the foreign policy of the Union, including the issues of war and peace, without reference to the imperial government. Britishers in South Africa, who were content with nothing less than self-government for the Union, and who at the same time were resolved to remain a part of the Empire, found themselves in a position which the more reflecting among them felt to be intolerable. On the one hand, control of the foreign relations of the Union by the imperial government, representing only the electorate of the United Kingdom, meant the negation of self-government in its most critical test, and no amount of rhetoric about "imperial partnership" could conceal that fact from men who wished to see the truth. On the other hand the control of foreign relations by the government of the Union seemed to them under existing conditions to threaten disaster and the dissolution of the Empire. It was under such circumstances and for the study of a problem whose solution they believed vital to the continued existence of the Empire that a group of South Africans in 1910 launched the Round Table Movement. The subject of their investigation was as important ultimately to the other dominions as to South Africa, and like-minded groups were formed without respect to party or other affiliation throughout the Empire, in Canada, Newfoundland, Australia, New Zealand, the United Kingdom, and even in India. Widely scattered as they were, it was, of course, impossible for them to meet together, but they were kept informed upon imperial questions and developments by their quarterly magazine, *The Round Table*, and their studies were carried on by means of documents and reports drawn up by members and circulated among the groups for discussion and criticism. Their plan was to publish a final report in the name of all the groups, making clear their conception of the problem and the steps proper to be taken for its solution. For the preparation of this they believed that the most diligent and exhaustive inquiry was necessary, participated in by many men, living in many parts of the Empire, looking at the problem from many points of view. Substantial progress in drafting a preliminary report to be submitted to the groups has been made and the first part of it was privately printed in 1915. It was found that the final report when completed would fill several volumes and would require longer time for preparation than had been expected. Shortly before the war, therefore, it was decided to bring out a separate

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report, which has now been published,[1] to show what changes in the constitution of the Empire would have to be made before British citizens residing in the dominions could enjoy the same control of foreign policy as those domiciled in the British Isles. It is based upon a preliminary draft, modified and revised in the light of criticism by members of the various groups. No author's name appears upon the title-page, but the preface is signed by Mr. Lionel Curtis, now engaged in editing the larger report, who assumes sole responsibility for all statements and opinions.

When Lord Durham, in his famous *Report*, which marks an epoch in the history of the Empire, advocated colonial self-government, he undertook to draw the line between matters of local concern, which should be regulated by the government of the colony, and those of common concern to the whole Empire which ought to be reserved for control by the imperial government. In the latter category he placed the making of colonial constitutions, the regulation of trade, the disposal of public lands, and the control of foreign relations. Since his time the tendency has been toward the transfer of powers from the imperial to the colonial governments. The constitutions of Canada, Australia and South Africa were framed by conventions held within those dominions, and in the case of South Africa the constitution, though formally enacted as a statute by the imperial parliament, may be amended by the parliament of the Union. The power to dispose of the public lands was conceded to Canada almost immediately after the establishment of government under the Act of Union of 1840. In 1859 Canada insisted upon taxing imports as it saw fit, even those from Great Britain, and, despite energetic protest from influential quarters in England, the right was conceded by the imperial government, and has not since been disputed in the case of any self-governing colony. The regulation of immigration, too, has passed under the control of the dominions. The colonies of Australasia and South Africa, in proximity to dense masses of the colored races, were the first to insist upon their right to restrict immigration which they deemed undesirable, even going so far as to exclude British subjects. Indeed the trend toward local self-government has been so strong in the British Empire that powers have passed to the dominions which have never been successfully decentralized in any other state in the world.

The one great power which the dominions have not assumed is that of regulating foreign policy. They have attempted upon occasion, it

[1] The Problem of the Commonwealth. London, Toronto and New York, Macmillan and Company, 1916; xii, 247 pp.

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is true, to exercise powers which clearly fall within the sphere of foreign relations. Mr. Curtis cites the action of the government of Queensland in annexing New Guinea in 1883, and a bill passed by the parliament of New Zealand in the same year empowering the government of the colony to annex any island in the Pacific not claimed by any foreign power. But the action of Queensland was repudiated and the New Zealand bill disallowed by the imperial government. The colonies did not press the issue in either case, though the questions were of immediate concern to them. To have done so would have raised the greater question of their continuance within the Empire. It has been said that an Anglo-Saxon feels that he has solved a problem when he has given it a Latin or Greek name. At the Imperial Conference of 1911 Mr. Asquith called the right of each self-governing community of the Empire to regulate its own affairs to suit itself the *articulus stantis aut cadentis Imperii*. But it may be questioned whether the Prime Minister did not darken counsel rather than shed light by his lapse into the classics, for it must be admitted that he, in common with many other Britons who have discussed the imperial question, ignored the fact that it is impossible to draw a hard-and-fast line between foreign and domestic policy, and to speak with accuracy of a community as "self-governing" which has no voice in the control of its foreign affairs. When war was declared in the King's name in August, 1914, the "partner states" of the Empire, whose "self-government" had been much paraded, found themselves involved in a struggle which transcended all other issues by a ministry which recognized no responsibility to them and over which they had no sort of control. As Mr. Curtis says, they saw their schemes of internal development cancelled, and their projects of social reform suspended, and they awoke to the knowledge that their "absolute, unfettered, complete" autonomy, which Mr. Asquith had told them they enjoyed, was a "literary theory" rather than a fact. And the dominions will be committed to a peace, in which they will have vital interests at stake, by the same government which involved them in war. It is true that the British government has formally announced its intention to consult with the dominion governments when the time comes to discuss terms of peace, but the final decisions will be made and the responsibility for them will be assumed by the British government. The dependent status of the dominions in foreign affairs, which has long engaged the attention of students of imperialism, was dwelt upon in no uncertain language by Mr. Andrew Fisher, formerly prime minister of Australia, upon his arrival in London as high commissioner of his dominion early in 1915. He said:

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If I had stayed in Scotland, I should have been able to heckle my member on questions of Imperial policy, and to vote for or against him on that ground. I went to Australia. I have been Prime Minister. But all the time I had no say whatever about Imperial policy—no say whatever. Now that can't go on. There must be some change.

The Problem of the Commonwealth is an argument for organic union. In an address delivered before the Round Table Society of Toronto in November, 1913, Mr. Curtis advocated this solution of the problem. On the basis of an exhaustive study of reports submitted by the various Round Table groups he then enumerated three other conceivable alternatives: continuation of the *status quo*, alliance through "voluntary coöperation," and disintegration through the independence of the dominions. Of these he considered the first unreasonable and unjustifiable, and the second tantamount, upon analysis, to the third. He therefore concluded that the only real alternatives were organic union or disruption. The present report, as the writer states, contains little that is novel, but the reader will feel that the conclusions reached are not derived from mere speculation, but rest upon a basis of induction, since they are put forth by one who has given prolonged study and reflection to his subject. It is divided into two nearly equal parts. The first is introductory and undertakes to show in brief the nature of the problem; the second deals with the conditions of its solution.

Mr. Curtis insists that the criterion by which all changes proposed in the constitutional structure of the Empire, or "Commonwealth," as he prefers to call it, ought to be judged is that of practicability.

> Our business is only with changes such as we believe can really be effected. We can, therefore, reject without hesitation any proposal for reforming the existing system which all the statesmen who have worked that system would agree to condemn, and would also refuse to share in working if, contrary to their advice, it was accepted by the electorate to which they are now responsible.

Judging by this test he rejects all proposals which do violence to the principle of responsible government, that is, the absolute and undivided responsibility of a single ministry to a single parliament. Plans for turning over the regulation of the foreign affairs of the Empire to a new executive responsible to the parliaments of the United Kingdom and the dominions, or for making the present British ministry responsible to a new imperial parliament as well as to the existing Parliament, he relegates to the realm of the Utopian.

What he advocates is an imperial cabinet responsible to an imperial

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parliament to be chosen by the electors of the United Kingdom and the dominions. It would, of course, include the secretary of state for foreign affairs, who would thus become responsible to the new imperial parliament and electorate. But foreign policy cannot be determined except in conjunction with defence, and defence requires revenue. The conclusion is therefore reached that the proposed cabinet must include the first lord of the admiralty, the secretary of state for war and an imperial minister of finance. It is further contended that the secretary of state for India and the colonial secretary must also be included, inasmuch as foreign policy and defence are inseparably bound up with the administration of the dependencies. The writer is convinced that the dominions can never share with the United Kingdom in the control of foreign relations unless they are prepared to share with it responsibility for the government of the dependencies. The white man's privileges and the white man's burden cannot be dissociated. The Round Table Movement has from the first proceeded upon the sound principle that no plan for readjusting imperial relations can be seriously entertained that does not attend to the many and complex questions which are involved in the government of dependencies containing eighty-five per cent of the population of the Empire, and which affect the lives and well-being of 370,000,000 human beings.

Mr. Curtis touches upon the subject of imperial finance, though he does not think the time has yet arrived to make definitive recommendations for constructing a new system. He is, however, quite clear that any system, to be satisfactory, must enable the imperial government to collect all the revenue required for imperial purposes, and at the same time must leave the parliaments of the United Kingdom and of the dominions as free as possible to determine the incidence of taxation, since that is a power essential to local self-government. An advocate of organic union, and one, too, familiar with the lessons of British imperial history, could not place reliance upon any scheme of requisitions or voluntary contributions sure to be disastrous to the credit and security of the Empire. In his judgment the imperial government must have the power in last resort of collecting revenue from the individual tax-payers. The dominions would thus be called upon to forego the exclusive right which they now possess of determining, each for itself, the total amount of revenue to be collected.

The changes proposed, the writer submits, could be effected only by virtue of a written imperial constitution, framed by an imperial convention and ratified by the people of the United Kingdom and the

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dominions. They could not be made gradually or piecemeal. Of the work to be done by such a convention, he says:

> That body will have to decide whether the proposed Imperial Parliament is to consist of one chamber or two, how each is to be constituted, the number of members in each, how they are to be apportioned to the several Dominions, and the precise manner in which the Imperial revenues are to be raised. They will have to settle the time after which each Imperial Parliament expires, and the mode of its election. They will have to provide for the representation of all the Dominions in the Cabinet, whether by including ministers without portfolio or otherwise.

Since most of the proposals embodied in the plan have already been discussed in public, it is possible, in the light of past criticism, to forecast some of the objections that would be raised if a constitution based upon them were to be submitted to the electors of Britain and the dominions. It would be urged in the dominions, no doubt, that the plan would in practice entail a serious abridgment of autonomy. The intimate relation between foreign affairs on the one hand and tariffs and immigration on the other would be dwelt upon to justify the prediction that the proposed imperial government could not effectively regulate the first without controlling the others, and thus depriving the dominions of powers which they now exercise. The experience of other federations could be drawn upon to substantiate this view. It could not be denied, however, that under the present system the control of foreign relations for the whole Empire has not been found to be inseparable from the control of trade and immigration.

The United Kingdom would be asked to give up its imperial supremacy and become merely one of a number of federating states. It would secure certain advantages, it is true, notably a more equitable distribution of the burden of imperial defence. But would this seem to the British electorate adequate compensation for the loss of prestige involved? "For England," Mr. Curtis writes, "the change is indeed a great one. Can she face it? Can she bear to lose her life, as she knows it, to find in a Commonwealth, wide as the world itself, a life greater and nobler than before?" It can only be said that the experiences of the war appear to have made more probable an affirmative answer to this question. Thirty years ago Lord Salisbury said of imperial federation that it was "a matter for the future rather than for the present." The war has brought it down from the realm of speculation to that of practical politics.

If representation in the new imperial parliament were to be based

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upon population, the United Kingdom with 45,000,000 would preponderate over the dominions with 19,000,000, and might "swamp" them. This objection, for as such it would appear to the dominions, presupposes that parties in a reorganized empire would be solidly national, rather than imperial, or international, in character, an assumption for which there seems to be little warrant. Furthermore the plan, though recognizing the numerical preponderance of the United Kingdom for some time to come in the imperial parliament, would apportion to the dominions greater weight in the imperial cabinet than their numbers alone would justify.

And there is no doubt that sentimental conservatism, especially in England, would insist by way of opposition that "paper constitutions" are un-English. Ever since Burke rebuked the French National Assembly for its attempt to make a brand-new constitution Englishmen have felt that cut-and-dried schemes of government are not for them. Professor Dicey, writing in 1915, declares it his "unhesitating conviction" that the constitution of the Empire ought to develop as the constitution of England has developed, not by "arduous feats of legislation" but "under the influence of reasonable understandings and of fair customs." Thinking of this type is due principally to an insularity of mind which looks at the growth of the Empire as a mere incident of English history. When one recalls that the Acts of Union with Scotland and Ireland were "arduous feats of legislation," and that all of the dominions have "paper constitutions," it can hardly be said that "cut-and-dried" schemes of government are antagonistic to the political genius of the Empire.

A French critic has expressed the view that the predominant fact in the history of modern England is a conflict between the tendency to instinctive adaptation and the tendency to rational readjustment. Each of these tendencies has been reflected in the discussion of the imperial question. There are those who would trust to time, the political instinct of the British race, and the gradual progress of forces which they believe are already at work for the solution of the Britannic problem. Others can see safety only in deliberate and purposeful action, not too long postponed. There is reason for thinking that today rational readjustment is in the ascendant. In imperialism it expresses itself in the movement for federation.

R. L. SCHUYLER.

COLUMBIA UNIVERSITY.

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REVIEWS.

English Field Systems. By HOWARD LEVI GRAY. Cambridge, Harvard University Press, 1915.—ix, 568 pp.

There has been but little dissent heretofore from Vinogradoff's summary dismissal in 1892 of the subject of English field systems. It has been generally conceded that the two- or three-field system of the type practiced in nineteenth-century Hitchin and described by Seebohm was characteristic of open-field cultivation throughout medieval England. Each tenant held a large number of strips of arable land, dispersed throughout the lands of the township. These lands lay in three (or two) great fields, of approximately the same area, and every copyholder held the same number of acres in each field. This equality of division was necessary because once in three years (or two) each field lay fallow and was grazed by the flocks of the community. Any great disparity in the number of acres in the different fields was impossible because it would result in the cultivation of too great or too small a proportion of the holding in any one year.

Professor Gray has found that in parts of England such disparity did exist. Although, in the Midlands, holdings were faithfully apportioned to the different fields in equal parts, in other counties this was not the case. Frequently the entire holding of a tenant lay in one furlong or was at least concentrated in one portion of the township lands, and no arrangement which would admit of rotation by fields under these conditions can be discovered. Some system of cultivation other than the two- or three-field system must have been practiced in these districts.

Two such systems are distinguished by Professor Gray, the Celtic and the Kentish. These are alike in that holdings were not divided equally between two, three, or any other number of fields. In Scotland an infield was cultivated intensively with the aid of manure, while an outer ring of lands was used partly as waste pasture and partly as inferior arable, so long as it would bear crops. Every few years a new portion of the waste was converted to tillage; and the worn-out arable was laid down for pasture. In Kent a comparatively small proportion of the lands of the township was fallow each year, and in some townships it was possible to sow all of the arable demesne annually. The Celtic and Kentish systems are distinguished from each other by the size of the typical settlement, by the unit of land measurement etc.

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Both systems were practiced in connection with the custom of gavelkind, or the division of holdings among co-heirs, which resulted in extreme subdivision of ownership and in irregularities in the holdings. The influence of the Kentish system was felt in East Anglia and in the Lower Thames Basin, while traces of the Celtic system appear in the counties of the northwest and southwest.

Especially complex and interesting is the variation of the Kentish system found in East Anglia. Here township and manor were not coterminous as in the Midlands, but two or more petty manors existed at the same time in each township. The whole township was held together by intermixture of holdings of arable land, but the pasturage arrangements consisted of a division of pasture and fallow arable between the different flocks of the township. Each flock had exclusive access to the fallow lying in that portion of the township which formed its fold-course, irrespective of the ownership of the lands. This arrangement prohibited the practice of the three-field system on the lands of the township as a whole, and there is also evidence that no attempt was made to throw into a compact area the fallow strips of any one year within each fold-course. An explanation of this is given in connection with the fact that tenants could purchase the right to fold their animals on their own land, instead of on demesne. Professor Gray infers that, since this right could be exercised only if the sheep were confined by wattles, no further inconvenience was felt from the absence of a compact fallow field than would have arisen if one had existed. Whether the sheep were to be folded on demesne land or on tenant land, a fold had to be made to confine them, and could not have been dispensed with even if the fallow strips did not lie among the sown. In the opinion of Professor Gray, the chief object of this arrangement was the utilization of the fallow arable as pasture for the sheep. The fact that a fine was paid to the lord by tenants for the privilege of folding their sheep on their own land is evidence, however, that the poor pasture afforded by fallow arable was of little value, and that systematic fertilization of the soil was for the purpose of folding sheep upon it. Fitzherbert's observations (not quoted by Professor Gray) are interesting in this connection: "The grasse that groweth vppon falowes is not good for shepe; for there is moche of it wede, and ofte tymes it commeth vppe by the rote, and that bryngeth erthe with it" (*Husbandry*, chapter 54); but one manner "of mendynge of errable lande, is to sette thy shepefolde vpon it, and to flitte it euery daye" (*Surveryinge*, chapter 24). It was evidently impossible to maintain the fertility of the soil even by this device, for approximately one-fifth of the holding

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whose description furnishes the most satisfactory evidence for Norfolk arrangements lay in ollands, i. e., strips of grass scattered among the cultivated strips. This is again reminiscent of Fitzherbert's statement that every man has his portion of lea land, and of his advice as to the best way of again bringing under cultivation land which was one-time arable.

Professor Gray presents as further results of his study of field-systems certain conclusions with regard to the influence of the various systems upon the development of agriculture, and with regard to the settlement of England.

The question proposed by Meitzen as to whether the woodland counties of England were ever in open-field is answered. These counties Professor Gray shows to have been cultivated in common, but under arrangements which facilitated enclosure, while the three-field system rendered it difficult. In the Midlands, improvement took the form of recasting the townships into a greater number of fields. Two-field communities became sometimes three-field, sometimes four. Incidentally this derivation of the three-field from the two-field system disposes of the attempts to use it as evidence of a type of settlement different from that of the two-field community. By such a change a greater area of land was brought under cultivation annually. Here it may be noted that Professor Gray, intent upon the modes in which agrarian development was accomplished in various parts of England, calls one change "progress" although it is in the direction opposite to that which is characterized in other places as an improvement. This is the appearance of strips of lea in the cultivated fields—the cessation of agriculture on certain portions of the arable for several years. This change, observed in the Midlands, brought less rather than more land under the plow each year. No explanation of the advantage gained is offered, although this change is assumed to be beneficial. Since it was probably forced upon the farmers by inability to maintain the whole area of land at that degree of fertility which repaid continuous three-course husbandry, it seems a sign of decay and not of progress.

The conclusions as to the settlement of England are largely conjectural. The Midland district was occupied by Anglo-Saxons who established there the three-field system, while their influence was less strongly felt on the Scotch border and in the southwest, as is indicated by the survival of certain features of the Celtic system in these counties. The Kentish system was of Roman origin. East Anglia shows the traces of a Danish invasion superimposed upon a system similar to that of Kent.

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The sources and method of the book are as follows: the author has first sought the characteristics of the field system in each region by examining the enclosure awards and tithe maps of the eighteenth and nineteenth centuries, and especially the sixteenth-century surveys and field-books. These three classes of documents give the only complete and specific descriptions of the fields of an entire township to be found. In the thirteenth century and the first half of the fourteenth, charters and fines give specific information as to the location in fields and furlongs of the lands belonging to single holdings. The terriers of the fifteenth, sixteenth and especially of the seventeenth century are valuable for the same sort of evidence. The manorial extents of the late thirteenth and early fourteenth centuries are of little value. Gray uses the early, more fragmentary evidence to discover "whether the thirteenth-century situation was a prototype of that of the eighteenth century, or whether there had been change," and has to rely on conjecture for a description of agrarian conditions before the thirteenth century. Throughout the volume there are transcriptions of the most important evidence, and further material is given in an appendix of 140 pages.

HARRIETT BRADLEY.

COLUMBIA UNIVERSITY.

Charity for a Hundred Years. History of the Monmouth Street Society, Bath, 1805–1904. By PERCY VERE TURNER. Published by the Society.—84 pp.

With the exception of London and perhaps Edinburgh, there is no city in the British Isles about which more books have been written than Bath. A voluminous bibliography would be needed to include them all. But Mr. Percy Vere Turner's *History of the Monmouth Street Society* works a hitherto neglected vein, with the result that he has written a monograph that will appeal to sociologists and to students of the institutional history of England who have neither been in Bath nor read any of the numerous books about it. It was in 1865 that the London Charity Organization Society began work on lines that are being followed or developed all over the English-speaking world. Sixty years before that time a charity organization society had been formed in Bath; and from that day to this, continued success has attended its work.

Local conditions in Bath, as regards charity, were peculiar all through the eighteenth century, and in fact until railways and easy travel in continental Europe deprived Bath of much of its vogue as a health and pleasure resort of the aristocratic and wealthy classes.

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What was known as "the season" lasted for six or seven months of the year. During the season, in the early decades of the nineteenth century, one-fifth of the population consisted of wealthy people and their servants, who were in Bath as visitors. In the train of the wealthy came hundreds of professional mendicants. The coming of these vagrants was as regular and as certain as the coming of the wealthy visitors on whom in large part the prosperity of the city so long depended; for the procession of vagrants to Bath dated at least as far back as the reign of Queen Elizabeth. After the season there was a period of hard times and scant living for the respectable wage-earning men and women permanently domiciled in the city who depended upon the seasonal visitors for their livelihood. There were thus at the opening of the nineteenth century two classes whose cases made an appeal to the charitable—the mendicants who had followed their prey to Bath, and the poor residents for whom there were always hard and pinching times between the end of one season and the opening of the next. The Monmouth Street Society was organized in 1805, primarily to deal with the professional mendicants. It at once appointed a beadle, to whom some police powers were entrusted. It also secured the continuous and systematic aid of the city magistrates; and in the course of a few years the old-time impostors and vagrants gave Bath a wide berth.

With its first mission accomplished, the Monmouth Street Society turned its attention to the deserving needy people who were citizens of Bath, and later on to coping with occasional more wide-spread distress due to floods in the Avon valley, to industrial stagnation, and to epidemics, until better sanitation relieved Bath and other English cities from these outbreaks. From the first the Society was well supported by wealthy visitors and residents, and it always had the endorsement and aid of the magistrates and the municipal council. Most of its work has been done by volunteer committees. The work has been varied in character, and has been attended with a success not exceeded even by the London Society, which began its work much on the lines of the Monmouth Street Society half a century ago. The problems of one large city as regards organized charity other than that administered by the municipal or poor-law authorities, are much the same all over the Anglo-Saxon world; and it is for this reason that Mr. Vere Turner's careful and detailed history of the problems that have confronted the Monmouth Street Society, and the methods by which they have been solved, has an interest by no means confined to social workers in English cities.

Apart from this interest the history of the Bath Society has another

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value. It is a noteworthy contribution to the history of the English people. It must be so regarded, among other reasons, for the glimpses it affords of police and sanitation in the large cities in the era before the reform of the municipal corporations eighty years ago, and of social conditions in England during the Napoleonic wars—particularly of the hard experiences of the wives and children of English and Irish militiamen in the days when every able-bodied working man was liable to the militia ballot, and when the central government gave itself no concern as to what became of the families of the men who were pressed for the navy or balloted for the militia.

EDWARD PORRITT.

HARTFORD, CONNECTICUT.

The History and Economics of Transport. By ADAM W. KIRKALDY and ALFRED DUDLEY EVANS. London, Sir Isaac Pitman and Sons, Ltd., n. d.—ix, 338 pp.

Messrs. Kirkaldy and Evans's *History and Economics of Transport* is remarkably well arranged; and for a book written primarily for students of transport in the newer universities and schools of economics in England, its comprehensiveness is equally remarkable. Well-ordered arrangement is also accompanied, as might be expected, with clearness of statement; and these features should help to make a reading constituency for the book far beyond the student body for which it is primarily intended.

The three hundred pages of text are divided into four sections—an introduction of five chapters, and three parts. The introduction carries the history of transport down to the beginning of the railway era in England, and includes an informing chapter on the history of the canal system and its condition at the period when the supremacy of the canal as a method of freight transport was first threatened by the railways. The railway in the United Kingdom and in Europe and the United States forms the subject of part i. This is an admirable section; for, taken in conjunction with the chapter in the introduction on railways and the locomotive, it furnishes a well-told and good working history of the railway system of Great Britain from 1814, when Stephenson built his first locomotive at Killingworth colliery, to the new era of traffic agreements between English railway companies that began in 1905. The history of the railways of the United States is not detailed; and in a book intended for use in British universities it is remarkable that the railways of Canada are quite ignored, notwithstanding the fact that one of the longest railways in the British Empire—the Inter-

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colonial—is owned and operated by the Dominion government, and the further fact that in the Railway Commission, which was created by the Laurier Government in 1903, Canada has one of the most efficient and at the same time least expensive railway courts in the English-speaking world. Brief as is the chapter on American railways, it affords an opportunity of comparing the vastly different conditions which attended the beginning of the railway era in England and in the United States, and also of paying a tribute to the American railway system. "From some points of view," write the authors in concluding their survey of the history and working of the American railway system, "it is one of the most efficient, best arranged, and cheapest systems in the world. It moves an immense volume of goods traffic; and the average rate per ton-mile charged for the work it does is the lowest in the world."

Both railway and canal economics are discussed in part ii. Railway economics are considered under the headings: railway capital, railway revenue and expenditure, the evolution of railway rates and fares, theories as to the basis of railway rates, allegations of discrimination and excessive rates, the question of foreign preference, government control of railways, railway statistics and accounts, and state railways. All these questions are discussed, of course, from an English standpoint, with some attention to American and European conditions, but generally with a view to comparisons. From the point of view of railway history, the chapter on government control is especially noteworthy. It extends only to nineteen pages; but within this small compass there is an excellent account of the gradual development of the control that Parliament, the Board of Trade, and the Railway and Canal Commission exercise over the construction of railways and over many details of their operation.

Nearly seventy pages are occupied by the section on shipping and ocean transport—a section that is inclusive and well-balanced, and that carries the history of shipbuilding and the economy of transport down to as recently as June, 1914, when the Suez Canal Company announced that the canal was available for vessels drawing up to thirty feet of water. The evolution of the modern freighter is followed in considerable detail until as recently as the coming-in of the oil tank steamer. There is, however, no mention of the great contribution that the lake shipyards of the United States have made to transport economy. The lack of any mention of the present-day lake freighter is the more noteworthy because the authors pay their tribute to the men of the old New England shipyards who designed and built the

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American clipper; and because, in the chapter on coaling stations, they give a good description of the development of the American iron and steel industry. As is well known in this country, the evolution of the modern bulk-freighter in service on the Great Lakes grew directly out of the demand at lower lake ports for ore from Michigan and Minnesota.

The book was apparently in press before August, 1914—before the war had altered so many of the currents of trade, and had created the new and large oversea demand for American coal. In view of this new American trade, some significance attaches to a forecast made by the authors in the chapter on the coaling stations of the world's mercantile marine. Almost from the time that steamers began to supersede sailing vessels in ocean transport, supplies for these coaling stations were drawn exclusively from Great Britain, to the great advantage of the British coal trade, and also of British shipping. In more recent years, Australia, New Zealand, South Africa, India, China and Japan have been pushing into this trade with the coaling stations. Messrs. Kirkaldy and Evans note this fact, and also the fact that good American coal has been sold at Panama ports at 17s 6d per ton. With the development of the American coal trade through the Panama canal, they anticipate American competition for the trade of the coaling stations—"not a pleasurable prospect," they add, "for British shipping interests; for with the export of coal on a large scale, American shipping will again become a serious competitor for ocean transport services."

EDWARD PORRITT.

HARTFORD, CONNECTICUT.

Disturbed Dublin. The Story of the Great Strike of 1913–1914. By ARNOLD WRIGHT. New York, Longmans, Green and Company, 1914.—xii, 337 pp.

In the history of labor troubles in the United Kingdom since the industrial era began there is no upheaval comparable with that which harassed and dislocated the trade of Dublin from 1911 to 1913, an upheaval which, after bringing much distress on some sixteen thousand of the wage-earning men and women of Dublin, culminated in the complete defeat of the Irish Transport Workers' Union in the winter of 1913–1914. The unrest had its source at Liberty Hall, the headquarters of the Transport Workers' Union, where the presiding officer and impelling force in the long series of strikes from 1911 to 1914 was Mr. James Larkin, one of the most remarkable men who ever obtained a place in the history of trade-unionism in England, Scotland or Ireland.

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Mr. Larkin, who first came into prominence in 1908, had made himself a dictator in the labor world of Dublin when in 1913 the employers formed a federation and resorted to lockouts in order to defeat the nondescript trade-unionism that had been created by Mr. Larkin and his official associates at Liberty Hall. These lockouts brought the labor difficulties of Dublin to a head; and at this stage Larkinism created much trouble and embarrassment for the older trade unions in the United Kingdom, raised serious questions for Dublin Castle and for the Asquith Cabinet, and for many weeks riveted public attention in England and Scotland, as well as in Ireland, on Dublin.

Adequate newspaper attention was bestowed on the later stage of the trouble. It could not be otherwise, in view of the disorder and distress in Dublin that resulted from the lockout of fifteen or sixteen thousand wage-earners of the city. But the newspaper reporting was largely either partisan or sensational, and it was concerned chiefly with the extraordinary developments of Larkinism. Mr. Arnold Wright traces the Larkin movement in detail from 1908 to its final and complete collapse in the winter of 1913. It cannot be claimed for Mr. Wright's history that it is much less partisan than some of the newspaper correspondence that was telegraphed to the English newspapers during the last stage of the struggle between Mr. Larkin and the federated employers of Dublin. Mr. Wright is unmistakably on the side of the Dublin employers and of Mr. William Martin Murphy, the leader of the employers, in their resort to lockouts as a means of making an end to the irresponsible trade-unionism that was developed at Liberty Hall between 1908 and 1913. But while Mr. Wright's history has this bias, it is a full and painstaking narrative of the various stages of the Larkin movement. It is prefaced by a remarkably good description of the social squalor of Dublin—the appalling housing conditions for which Dublin has long been notorious. One of the most informing chapters in the history of the labor unrest of 1908–1914 is that in which Mr. Wright examines the journalism of the Larkin movement. Ireland has had many newspapers which gave trouble to the attorney-generals and other law officers of the crown; but none—not even *United Ireland* of the eighties and nineties of the last century—was more daring or more revolutionary than *The Worker*, which was edited by Mr. Larkin and was the official organ of Liberty Hall.

The appendices extend to nearly forty pages; and as they are chiefly documentary, they are of much value to students of one of the most extraordinary developments in the history of trade-unionism in the United Kingdom.

EDWARD PORRITT.

Hartford, Connecticut.

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Third Party Movements Since the Civil War. By FRED E. HAYNES. Iowa City, State Historical Society of Iowa, 1916. xii, 564 pp.

Under the title *Third Party Movements* the author sets himself the task of writing a history of agrarian discontent in the United States from the Civil War to the present. His reason for thus limiting his field is indicated in the following paragraph from his preface:

> Primarily a party of one issue, which has been largely a moral one, the Prohibition party has been national in its source and scope: it has no vital connection with frontier conditions nor with the economic and social life of the West. The Socialist party, on the other hand, has been international in its history and development: it has grown out of the industrial revolution in European countries and its program and policies have been shaped by conditions there. So far as those conditions have reappeared in the United States, European socialism has grown stronger in this country. There is nothing distinctively Western or American about the Prohibitionists and Socialists, as has been the case with the Anti-Monopoly, the Greenback, and the Populist parties [pages vii, viii].

An account of the Liberal Republican party is included, however. One wonders why, for, though it originated in Missouri, one has difficulty in finding that it possessed any other qualities *distinctively western*, which characterize the other three parties mentioned. Its inclusion only mars the unity of the volume, while the author fails to compensate for this defect by adding anything new to the history of that ill-starred organization, which, as Horace White says, proposed "to go through the temple of freedom with a scourge of small cords and drive out the grafters and money-changers."

After disposing of the Liberal Republicans, Mr. Haynes devotes some forty pages to a discussion of the various farmers' movements during the middle of the seventies. In this part of his study he has added very little to the subject that is not to be found in Dr. Solon Buck's very excellent *Granger Movement* and other writings by the same author. The bulk of the volume is taken up with a consideration of the Greenbacker and Populist movements. A brief account of the Insurgent movement and the Progressive party is given in the final six chapters but one. A brief essay on social politics concludes the volume.

Mr. Haynes's principal primary sources are the files of three or four Iowa newspapers and Appleton's *Annual Cyclopædia*. He refers to several magazine articles, as well as a number of secondary

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works, and makes a limited use of the manuscript papers of Luman H. Weller, James B. Weaver and Ignatius Donnelly. No bibliography is appended, but instead of footnotes the author lists his citations at the end of the book, which in a way serves the double purpose of bibliography and citations to authorities at the same time. Such a method is no doubt convenient to the printer and welcome to the general reader—if there be such for a book like this—but it is very inconvenient to one using the volume for purposes of historical study.

In dealing with each movement or party the author first considers it briefly for the country as a whole, and then goes into minute detail for Iowa. This of course leaves the impression that the volume is, after all, a study of the various agrarian movements in Iowa. Indeed, the original purpose was to limit the scope of the study to that state, and one cannot help but feel that had not this first intention been departed from the author would have saved himself considerable time, and still have contributed as much and perhaps more to historical knowledge than he has by undertaking to write a comprehensive account of agrarian movements for the whole United States. In an extended history of the Greenbackers and Populists, as this purports to be, one would naturally expect to find an adequate discussion of their political and economic theories. A rather careful reading of the volume, however, fails to disclose such a discussion. It might also be added, without any intention of being unduly captious, that the style in which the various essays are written does not tend to attract and hold the reader's attention.

In mentioning these few deficiencies there is no purpose to disparage the rather excellent contribution to the subject which the author has made; but it is perhaps not amiss to point out that he has undertaken the difficult task of covering in a comprehensive manner a broad field, many of whose various aspects and phases have not yet been studied in detail. The reviewer therefore takes this opportunity to express the opinion that the better method of writing the recent history of the United States would be to delay the comprehensive work of interpretation respecting the whole of a complicated movement or field until the constituent parts have been painstakingly and exhaustively investigated. After such preliminary investigations have been made by young, enthusiastic and patient seekers after the facts, the time would then seem ripe for an experienced historian to make a proper estimate of its importance, and give a just interpretation of the lasting contributions of its leaders to social progress. There seems to be little doubt now that the leaders of the Greenbackers and Populists, though

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called "cranks," "calamity-howlers," and "doctrinaires" by most of their contemporary conservative rivals in the old parties, were for the most part men of vision and deep human sympathy. The seeds which they sowed, though slow in coming to fruition, have at last ripened—to some extent at least—into a harvest of awakened public sentiment for social justice. As Mr. William Allen White says, though their prescriptions for the economic and social ills that afflicted the body politic were not always faultless, their diagnosis was generally correct. Until some historian or publicist possessing something of the broad human sympathy and interpretative faculty of mind, so characteristic of Mr. White, has dealt with these agrarian movements, their final history will not have been written.

And before such an historian can write completely and finally, what Mr. Haynes has done by way of studying the details of the agrarian movements in Iowa must be done for these same movements in the other states of the West and South. In leading the way and making this study for one state, Mr. Haynes deserves the grateful thanks of all students in the field of later American history.

B. B. KENDRICK.

The Spanish Dependencies in South America. By BERNARD MOSES. New York, Harper and Brothers, 1914. Two volumes.—xxvi, 394; ix, 444 pp.

The title of these volumes would seem to indicate a brief survey of the history of Spanish colonization in South America. The author, however, states in the preface that his purpose is to treat the period lying between 1550 and 1730 which is "marked by the organization and development of political societies dependent on Spain . . . the early voyages of discovery and the exploring expeditions (1492-1550) being brought into view only in so far as they led to the establishment of European settlements." In view of this statement it is somewhat surprising to find that nearly two-thirds of the first volume is devoted to the narration of the discovery and conquest during the period before 1550. The remainder of this volume treats generally of the last half of the sixteenth century. Of the second volume three chapters deal with the sixteenth century, four with the sixteenth to the eighteenth inclusive, seven with the seventeenth, two with the seventeenth and eighteenth, and four with the eighteenth. A considerable portion of this volume, especially chapters 16 and 17, deals with the period after 1730.

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The work is not a balanced and continuous history, but rather a series of studies dealing with various episodes or phases of the history of colonization in Spanish America. It gives with a greater or less degree of fullness glimpses of colonial history and life and includes general studies of institutions. The amount of space devoted to various topics seems to be determined, not by the importance of the particular subject, but rather by the fact that the author has already written on it or has had access to an original document or a special monograph by a Spanish American. A noteworthy case of the lack of proportion is afforded by the space devoted to four great institutions of Spanish colonization—namely, the Council of the Indies, 4½ pages, the *Casa de Contratación*, 28 pages (based on an article by the author in the *American Historical Review*), the *Audiencia*, 4 pages, and the Viceroy, 7½ pages. Of the 112 pages devoted to the period from 1700 to 1730, 31 are used in telling the story of the revolt of José Antequera in Paraguay in 1721–26 (derived from Pedro Lozano, *Historia de las Revoluciones de la Provincia del Paraguay.*) A characteristic use of special monographs is afforded by the chapter on the *encomienda* system as found in Chile, presumably to the exclusion of the other areas (based on Amunátegui Solar, *Las Encomiendas de Indijenas en Chile*).

Eighteen chapters of the first volume deal with political and military history. They contain an interesting account of the early exploration and conquest of the various regions of South America, and narrate the exploits, hardships and sufferings of the conquistadores in their search for gold, and their labors in the establishment of the Spanish régime in the New World. The leaders, their problems and achievements, their rivalries and conflicts—which led at times to civil war—and the difficulties of the government in controlling the colonies, are among the subjects which are considered. The four remaining chapters of the first volume treat of institutional subjects, viz: The Council of the Indies and the India House; the *Audiencia* and the Viceroy; the Inquisition in Cartagena; and the Inquisition in Chile. One wonders why the Inquisition in Lima was not considered worthy of a chapter. Of the second volume, eleven chapters are devoted to political history and nine to institutional subjects. The former continue in a topical manner the story of the various colonies in South America, dealing especially with Indian problems, the development of the cities, disputes of the officials, and the attacks of the English on South America. The latter contain studies of a mining town in Upper Peru, the *encomienda* system in Chile, the Jesuit missions in Paraguay, the Church in relation to the civil government, the colonial city, travel and transporta-

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tion, and social characteristics of the Spanish dependencies. Chapters on literature, art and architecture would have made this list of studies more complete.

The introduction of proper names, by using only the surnames, and the misspelling of many Spanish words are defects which should have been avoided. The collection into an orderly bibliography of the numerous works cited in the footnotes, together with other treatises relating to the subject, would have added materially to the worth of the volumes. The chief value of the study lies in the fact that it puts into English a summary of the results of numerous excellent studies in Spanish and hence serves the needs of the general reader who has an interest in colonial Spanish America.

ROSCOE R. HILL.

UNIVERSITY OF NEW MEXICO.

The Operation of the Initiative, Referendum, and Recall in Oregon. By JAMES D. BARNETT. New York, The Macmillan Company, 1915.—xi, 295 pp.

Those who are interested in the direct government movement tend to become either its bitter opponents or its ardent advocates. It is not easy to maintain an attitude of strict neutrality, and the result has been the production of a copious literature upon the subject written by those who had something to prove. This propagandist material has served a useful purpose. The time has come, however, when the friends and enemies of direct government, as well as the disinterested student, will welcome a discussion of its problems presented with scientific moderation by one who is trying to explain and clarify rather than to persuade. Such a discussion is Professor Barnett's *Operation of the Initiative, Referendum, and Recall in Oregon*.

The scope of this study is limited in two important regards. The initiative and referendum is discussed only in its relation to state measures, omitting the wide use given it in towns and cities. Furthermore, only the experience of Oregon is presented and there is no attempt to make comparisons with the operation of the system in other states. A great weakness in many of the previous discussions of direct legislation which have aimed at scientific accuracy has been that they have attempted to cover too wide a territory. The author has thus been reduced in most cases to the offering of vague generalizations about many matters regarding which he could not possibly have accurate information. Professor Barnett has proceeded upon the eminently sound assumption that the dozen-odd years of experience which Oregon

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has had with the initiative and referendum are worthy of detailed study. What he has sacrificed in geographical and logical all-inclusiveness he has more than made up for by the added exhaustiveness with which he has been able to treat this narrower field.

It is impossible to summarize even briefly each of the twenty-five chapters in which the various aspects of the initiative and referendum are presented in Professor Barnett's book. The reader will find a careful and balanced description of the system in action, together with penetrating criticisms and concrete suggestions for reform. After a preliminary discussion of the history of the system in Oregon and a description of the provisions in which it is embodied, the author devotes some little space to the origin, preparation and character of initiative and referendum measures. It is held to be unfortunate that the real promoters of measures to be submitted to the people should be permitted to remain unknown or to masquerade behind misleading names. A publicity measure should be enacted to remedy this situation. There have been instances of log-rolling in which different sections or towns have acted in collusion to secure the enactment of measures of local concern. Although as a general rule initiative and referendum measures have been well drafted, this is not invariably the case, and the establishment of an advisory drafting commission would be of great public benefit. Measures submitted to the people have frequently been inherently unsuitable for popular action, either because of their highly technical character or their local import. On the other hand, measures which are suitable for popular action have frequently been submitted under circumstances which have made satisfactory voting impossible. Many subjects have been combined in one measure, conflicting or rival proposals have been submitted, and ballot titles have been either blind or misleading. These evils are gradually being corrected, however, as time goes on. In dealing with the problem of securing signatures to initiative and referendum petitions, several interesting points are presented. The advent of woman suffrage has made it harder to secure the required number of signers, since that number is now greater, and women, who do not naturally congregate anywhere, are hard to reach. Oregon has had bitter experience with the unscrupulous practices of the professional petition circulator, and Professor Barnett believes that the only relief from this evil will come through abandoning the circulation of petitions. These should be placed in a public place where people can go to sign them. The number of signatures required might well be reduced under such an arrangement. Both friends and enemies of the initiative and referendum are agreed

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that too many measures are submitted to the people. There is no enthusiasm, however, for any device for reducing this number, and the only remedy seems to lie in voting down the ill-advised proposals and thus discouraging their submission. Nor is there any general sentiment in favor of increasing the majority necessary for the enactment of laws by the people.

The people of Oregon have thus far enacted into law or constitutional amendment only 51 out of a total of 136 proposals, and the author devotes considerable space to a consideration of the rationality of this voting. The voter's task has been a difficult one. It has not always been easy to tell just what a measure involves either by reading the title or studying the text. On one or two occasions the people have passed laws which were void because they did not have enacting clauses. All sorts of unsuitable proposals have appeared upon the ballot. Most measures originating with selfish interests have been defeated, and the most radical proposals have also failed. It is the author's belief that, on the whole, the people have done very well. They have shown a consistently progressive attitude and their work compares favorably with that of the legislature.

Several chapters are devoted to a consideration of the relation of the initiative and referendum to the other departments and organs of state government. The legislature has not, as a rule, been disposed to obstruct the working of the new system. It has the power to repeal laws which the people enact, but has not shown any desire to do so. It seems to be more sensitive than formerly to the wishes of the people, though it is felt that its increased virtue is negative rather than positive. The power of the legislature to refer laws to the people on its own initiative should, in Professor Barnett's judgment, be taken away. The courts have also seemed friendly to the new system. There is a general feeling, furthermore, that a system of recalling judicial decisions would add little or nothing to the already existing power of easy constitutional amendment by popular vote. The existence of the initiative and referendum seems to have weakened the organization of political parties by rendering superfluous any constructive party program. The popularity of the system seems established. There is still opposition to the initiative and referendum on the part of the "irreconcilables," but the general feeling throughout the state is that, while there may be some faults in the details of the system, the principle is sound. There is no disposition to abandon it.

Professor Barnett devotes one chapter to the operation of the recall in Oregon. There is no instance as yet in which a recall election has

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been applied to a state officer, but there have been seventeen such elections in municipalities, counties, and school districts. There have also been many unsuccessful attempts to invoke the recall. There has been much abuse of the system and some reforms are needed. Many of these reforms are of the same nature as those suggested to safeguard the operation of the initiative and referendum, as, for example, the abolition of the circulation of petitions. Some method should be devised to allow the voters to decide separately on the recall of an officer and the election of his successor. There is much difference of opinion as to the effect which the recall has upon public officers, and the brief experience with the system in Oregon does not justify any definite conclusions as to its merits and demerits. It is a strong argument in its favor that it opens the way for longer terms of office and a shorter ballot.

Professor Barnett's study is presented in a style as attractive as the close examination of so many details will permit. It is admirably organized and indexed. A valuable appendix has been added containing documentary material. It is a book which will be of interest and value to every serious student of the phenomena of direct government, and it is hoped that it will prove to be the forerunner of similar studies dealing with the problems and experience of the other direct legislation states.

ROBERT E. CUSHMAN.

UNIVERSITY OF ILLINOIS.

The Case for the Shorter Work Day. By FELIX FRANKFURTER and JOSEPHINE GOLDMARK. New York, The National Consumers League, 1916.—Two volumes; xv, v, 1021 pp.

The Fourteenth Amendment forbids a state to deprive a person of liberty or property without due process of law. By virtue of this clause the Supreme Court from time to time has decided to what extent the state may limit the number of hours in a day which a laborer may contract to work. The court now has before it for decision the question whether the requirements of due process are violated by a statute of Oregon which declares that "no person shall be employed in any mill, factory or manufacturing establishment . . . more than ten hours in any one day." The volume under review is a reprint of the brief presented to the court in support of the statute. It consists of six pages of legal argument and 959 pages of facts and opinions designed to convince the court of the evils of long hours of labor. The legal argument is the work of Professor Felix Frankfurter of the Harvard Law School. The

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remainder of the brief was prepared by Miss Josephine Goldmark under the direction of Mr. Louis D. Brandeis before his nomination as associate justice of the Supreme Court obliged him to withdraw from the case.

The non-legal part of the brief is divided into two parts. The first gives a list of statutes in all countries limiting the hours of labor for men and the second shows the experience upon which such legislation is based. This second part is made up largely of excerpts from technical books and journals presenting the scientific conclusions of medical experts upon the deleterious effects of long hours of labor. There is also testimony and argument as to the beneficial effects of short hours of labor on morals and the general welfare, and on the quality of citizens as political, social and military factors. Over 300 pages are devoted to the economic aspects of reducing hours of labor. The appendix contains an index and a reprint of Mr. Frankfurter's article on "Hours of Labor and Realism in Constitutional Law," published in the *Harvard Law Review*, volume xxix, page 353.

This brief brings out into bold relief the nature of the question which the Supreme Court has to decide. They are the arbiters of a dispute whose settlement depends, in part at least, upon a judgment on a question of physiology. To this question the brief for the state in Bunting *v.* Oregon gives the greater part of its attention. But Miss Goldmark's contribution to the medical education of the judiciary is no intrusion. They have invited it, as Mr. Frankfurter's quotations from their opinions clearly show. They have declared that so long as there are reasonable grounds for the belief of a legislature that employments, when too long pursued, are detrimental to the health of the employees, the decision of the legislature will not be reviewed by the court. "The question in each case," they say, "is whether the legislature has adopted the statute in exercise of a reasonable discretion."

In deciding this question of reasonableness the court seems to weigh in the balance two conflicting considerations. They make a comparison between the seriousness of the interference with liberty and the importance to the community of the improvement in the health of individuals due to the reduction of the working day. These conflicting considerations are not mathematically commensurate. But the comparison has to be made. Since a person may be subjected to a complete deprivation of liberty if the court finds sufficient warrant in the resulting advantage to the public good, the validity of any partial deprivation must depend on the justification shown. The greater the resulting advantage to the community, the greater may be the restric-

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tion of the liberty of the individual. It would seem, therefore, that the determination of the constitutionality of any law restricting the length of the working day may depend upon the judgment of five jurists on what is, in the last analysis, a medical question. For the restriction which will be permitted varies directly with the judicial appreciation of the evils inherent in labor beyond the prescribed limit.

In many other instances, of course, the courts pass upon medical questions. Trial judges and juries pass on questions of physiology, chemistry, engineering and similar technical subjects in which they have no expert training. But in these cases the testimony of technical experts is presented in evidence during the trial. In passing on questions of constitutionality, however, where similar technical questions are involved, the courts have seldom in the past had the benefit of expert testimony. *The Case for the Shorter Work Day* fills a need which has been sadly felt. Its authors have furnished an excellent model for future briefs on similar constitutional questions. In laying emphasis on the exact nature of the question which the Supreme Court has to decide, they have made a contribution to jurisprudence and to political science.

THOMAS REED POWELL.

Law and Order in Industry. By JULIUS HENRY COHEN. New York, The Macmillan Company, 1916.—xviii, 292 pp.

Mr. Cohen has written a history of the "protocol" in the New York ladies' cloak and suit industry. His position as counsel for the Cloak, Suit, and Skirt Manufacturers' Protective Association has afforded him an unusual opportunity to learn the inside workings of this organization, and to portray the motives and the trials of the "bosses." In brief but graphic chapters he describes the chaos in the needle trades of New York in the last decade, the gradual realization by the employers that a strong association was the only means of coping with the operatives' union which became suddenly unified and powerful in 1910, the attempts to settle the long strike that ensued, and the slow evolution of the protocol through the efforts of Louis Brandeis, Louis Marshall, Meyer London and himself. This agreement Mr. Cohen considers

> a fundamental constitution for the doing of business between the workers and the employers, with a supreme judicial tribunal, a conciliation and mediation department, a department for the establishment of legislation by consent of both parties, and an administrative department [page xii].

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But the adoption of the protocol failed to bring complete freedom from disagreements, for it had to be amended several times in order that complaints might be more quickly and satisfactorily adjusted. The question of discharging union members was a continuous source of irritation. The arbitration board in January, 1915, rendered a decision requiring that "the power of administration, discipline and discharge, vested in the employer shall be exercised in a fair and reasonable manner, and if the propriety of the action is questioned, shall be subject to review." Although the terms of this decision were satisfactory to both parties, its interpretation was difficult. Later in the year a shop strike occurred while several discharge cases were awaiting arbitration; this strike was in violation of the protocol and in defiance of the union officers, who were at the time involved in legal difficulties. As a result the manufacturers who opposed the agreement gained the upper hand and the protocol was abrogated. However, the Mayor appointed a council of conciliation which engineered a renewal of the protocol for two years. The agreement was to continue indefinitely unless formally repudiated by either party two months before the expiration of a two-year period.

At this point Mr. Cohen has to leave the history of the protocol for a discussion of his main theme, the practicability of settling labor difficulties by voluntary collective agreement. He finds that the "preferential shop" is a workable substitute for the closed union shop and for the non-union shop, but points out the hardship to employers of union operatives in competition with employers who close their shops to these organizations.

> Employers generally already are aware of the value of collective bargaining to society generally. They accept it in theory and in principle. What they want to know is how to run business by it. We will get more collective agreements when we solve the problem of enforcement of standards. Those who from the outside believe in the social value of joint agreements between unions and employers' associations, must not rely upon violence or law breaking as the means of securing them. They must face the business factors squarely. When we do this we shall make progress, as we did in municipal reform [page 204].

One of the difficulties can be solved, Mr. Cohen believes, by the adoption of a white label to be placed on goods manufactured under protocol conditions. Thus the power of the consuming public could be used to coerce the non-conforming employer. Of course this is a good suggestion, provided only that the consumers can be interested.

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A second aid to the collective agreement Mr. Cohen sees in the "Federal Industrial Council," a body with power to enforce on all employers and employees the terms voluntarily adopted by the majority of employers and of the employees in the same industry. It is difficult to reconcile such a body with our present constitutional system, yet the day may come when we will effectively provide by law for real democracy in industry.

The reader of Mr. Cohen's work cannot fail to be struck with his frankly lawyer-like attitude; indeed he claims for the profession an important if not paramount rôle in the creation of industrial peace through education (page 215). Can it be dreamed that the rising generation of lawyers will have a larger social conscience than their fathers? This we may hope, indeed expect, when we find lawyers taking such advanced ground as Mr. Cohen.

Again, one is impressed with the skill of the author's presentation. His story unfolds itself naturally and vividly, at times almost poetically, as in the sentence: "Human memory is a slate on which the chalk marks rub out all too easily; only those lessons engraved with hot and sharp needles of suffering remain."

At times one is suspicious that Mr. Cohen glosses over some important facts. In his praise of the principle of the "preferential shop," for instance, he fails to mention the experience in the dress and waist industry. In this branch, under a similar protocol, twenty-nine large establishments employing a total of 5000 operatives had upon their rolls fewer than fifty union members (Bull. Bur. Lab. Stat., no. 145, p. 9).

Finally, it is hard to accept Mr. Cohen's conclusion that the employers generally desire collective bargaining. Since the book was published the protocol has been repudiated by the Manufacturers' Association and the employees have been locked out. After a month, the operatives were invited to return to work "as individuals." But for nearly three months the Association refused to accept mediation. When other industries are considered, the conclusion is of even more doubtful validity.

Law and Order in Industry, then, is a book written from the experience of a lawyer who has been active in the development of the collective agreement. His knowledge of his subject and his ability to present it are beyond question. His viewpoint is fruitful of suggestion. But his reader must be wary of his conclusions and of the completeness of his exposition.

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DEPAUW UNIVERSITY.

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The Principles of Rural Credits. By JAMES B. MORMAN. New York, The Macmillan Company, 1915.—xviii, 296 pp.

Theory of Coöperative Credit. By H. HEMANTAKUMAR GHOSH. Calcutta, S. C. Auddy and Company, 1915.—xii, 212 pp., xliv.

The world-wide character of the new interest in the problems of rural credit is excellently exemplified by the almost simultaneous appearance of these two books, one by an American whose interest is primarily directed toward the American aspects of this problem, the other by a citizen of British India who draws many of his facts from rural India with its joint village and ryotmari tenure as well as its more modern forms of land tenure.

Of the two books Morman's *Principles of Rural Credits* is much more local in its coloring. It contains, it is true, descriptions of some foreign systems of credit. But these are passed over with a haste which may almost be called a stampede. The reader is allowed to gather only the vaguest and most sketchy impressions of the great foreign systems. His attention is then immediately directed back to American problems and experimentation. At first the book is distinctly disappointing. It lacks both the volume of information and the careful organization which would be necessary for a satisfactory treatment of the principles of rural credits.

On the other hand, if this book is to be viewed as one on problems in American rural credit, it is deserving of high praise. The author's knowledge of American farm conditions is detailed and comprehensive. He sees more clearly than most writers on the subject that the problem of rural credit is one not simply of providing credit institutions but also of making them work. The farmer must be connected with them in some way. Morman therefore very rightly is interested not merely in a problem in finance, but in one of farm life. In this respect his work is a refreshing and much needed improvement on such a book as Herrick's *Rural Credits*.

The value of Morman's work lies not so much in the things which he professedly attempts to explain, nor in the schemes of reform which he proposes, excellent as some of these may be, nor yet in any systematic statement of American credit problems. Its greatest value lies in its "asides," the little flashes of insight, correlations of pertinent facts which make it a welcome addition to our literature on the subject. For the reader who is interested in the conditions rather than the principles of rural credit, the book may well be regarded as a godsend.

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Ghosh's *Theory of Coöperative Credit* is a shorter and more readable volume. It contains but ten chapters. Of these the first is devoted to "the evolution of coöperation," starting with the animal kingdom. Then follow five chapters explaining the various systems of coöperative credit now found in Europe. This part of the book is a classic. Within less than seventy pages the author gives an account of these systems that is clear, systematic, well-balanced and critical. Probably nowhere else can so good a description be found in so small a space. Then follow two chapters on Indian rural life and credit and two chapters in conclusion. The earlier of these two (chapter ix) on "credit in evolution" reviews briefly the entire history and theory of the credit system. In trying to do so much in so small a space the author almost necessarily becomes vague and discursive. This chapter thus forms the only weak portion of an otherwise excellent book.

The final chapter, entitled "credit in coöperation," however, is distinctly worth while. In it the author presents his chief contributions to the theory of coöperative credit. The most carefully worked out of these is the contrast between the two necessary bases of credit: the material and the moral, the property of the debtor on the one hand and his honesty and efficiency on the other. He concludes:

> We have seen that in past ages there was generally too great a reliance on the material basis. This was due . . . to credit being then given generally for consumption which meant the destruction of the value of the loan, thus compelling the creditor to depend almost exclusively on some specified wealth of the debtor for the repayment of the debt. . . . Credit tends to depend more on the moral basis in modern times. . . . Reliance upon specific wealth is not essential, as credit is now given generally for production, in which the value of the loan continues to exist and at least helps the debtor to repay his debt provided he is trustworthy.

Elsewhere the author points out a tendency of such coöperative credit systems to develop just those traits of trustworthiness which are here needed.

There is also to be found in this chapter a careful argument for the principle of "self sacrifice" as opposed to "self help" in the management of credit unions—in other words, a plea that the officers of such unions perform their services gratuitously. The book concludes as follows: "There seems to be no escape from the permanent, if not growing, pressure of the 'law of population.' Hence by the natural tendency just described methods of coöperation must continue to develop along with the growth of competition."

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As may be noticed, Mr. Ghosh apparently finds our language somewhat foreign and difficult. And some of our institutions seemingly are rather vague in his mind—for example, his discussion of building associations (page 14). The tendency to digress into the sociological and philosophical aspects of each problem is of course justified in a work on the "theory of coöperative credit"; but this book is much more than a discussion of the theory; it is a remarkably good brief introduction to the entire field of coöperative credit.

Neither of the books reviewed contains the mass of well-organized, authoritative information that is to be found in Herrick and Ingall's *Rural Credits*, but both are superior in their point of view, particularly in regarding the problem not as a detached situation but as one aspect of the greater problem of social organization.

DONALD S. TUCKER.

WELLESLEY COLLEGE.

Railway Rates and Traffic. By C. COLSON. Translated by MESSRS. LEEDAM, CHRISTIE and TRAVIS and edited by CHARLES TRAVIS. London, G. Bell and Sons, 1915.—viii, 195 pp.

Railroad Accounting. By WILLIAM E. HOOPER. New York, D. Appleton and Company, 1915.—xi, 461 pp.

M. Colson's work appeared in 1890, easily winning recognition as a leading exposition of the economics of transport. Its subsequent revisions have maintained its high position in the literature of the subject and, especially in its elucidation of the theory of railway rates, it must still be regarded as one of the few really distinguished contributions. In recent discussion, it is true, there are refinements that do not appear in M. Colson's exposition and there are positions taken by him that not all of us would be prepared to defend today without qualification. Such a doctrine as the influence of joint costs upon railway charges fails to receive that attention which most American students, in spite of Professor Pigou, feel that it should have. Nor is there to be found in Colson's pages such an illuminating analysis of the law of increasing returns and its application to railway rates as Ripley has recently given us. Nor would Colson's discussion of competition and monopoly in connection with railway rate-making be regarded by the most advanced students of railway economics as altogether adequate. Nevertheless, one cannot turn to his treatise without being impressed that here writes a master pen, a little too contemptuous of small issues, perhaps, but evidencing rare philosophical breadth.

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It is a matter of some surprise that Colson's book should not have been translated into English before this, and, even now, the little volume of these young railwaymen, Travis, Leedam and Christie, represents the translation of but a small part of the whole work. However, it does give to English readers the most significant parts of Colson's volume from the point of view of theory.

The four parts of the translation, covering respectively 73, 35, 29 and 46 pages, discuss, in part i, the economic considerations that determine the cost of transport; in part ii, railway rates in France; in part iii, European and American practice; while part iv gives a general survey and conclusions. Parts i and iv are the most valuable to the student, and part ii is a very useful summary. Part iii is of much less service to English readers in view of the fact that a much fuller treatment is available in Raper's *Railroad Transportation*.

Colson's book has been reviewed a number of times since its appearance in 1890 and it is unnecessary, therefore, to enter into an analysis of it at this time. The present translation seems to be reliable, though the inimitable style of the French scientific writers, as represented by Colson, hardly survives the ordeal of the translation. But it is very readable, and those not acquainted previously with the work of this eminent economist will derive pleasure and profit from now being able to follow his skilful analysis of the importance of "additional net cost" in the fixing of railway charges, and, connected therewith, his defense of rate discrimination and his careful discussion of the utility of new lines of communication, to mention but two out of several very interesting topics.

Mr. Hooper's *Railroad Accounting* is a book of another type. For a decade the Interstate Commerce Commission has been busily engaged in welding into uniformity the accounting systems of American railways. An appreciable part of Mr. Hooper's task, occupying two-fifths of his book, is to reproduce the results of this work from the accounting classifications issued by the Commission for the guidance of the railways. It is very convenient, for the purpose of reference, to have these classifications brought together within the covers of a single volume, and it is to be hoped that the Commission has now whipped its own accounting theories into such shape that the value of Mr. Hooper's collation will not be early impaired. The number of changes made since 1906 has been most disconcerting to students of railway finance, though these were inevitable, no doubt, during what must be regarded as a period of experiment.

It would be unfair to the author, however, to give the impression

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that this collection of classifications constitutes the main importance of his volume. There are chapters on the organization of the accounting department, on passenger and freight accounting practice, on the auditing of disbursements, and on the work of the treasurer's office.

The most interesting and original portions of the book are the brief discussions of capital versus revenue expenditures and depreciation allowances. The closing chapter presents the Pennsylvania Railroad and the Oklahoma Commission schemes of allocating revenues and expenses between passenger and freight services. Mr. Hooper has a certain degree of admiration for the Oklahoma method, but this is tempered by a realization that it would be impossible to apply it evenly to different railroads, since so much depends upon a "keen analysis of conditions and on a sympathetic and painstaking application." The fact is that no cost-accounting scheme applied to an industry in which the joint costs constitute a large proportion of operating expenses can be worked out on anything but a highly conjectural basis, and the results obtained are of scientific value only in so far as, conditions remaining purely static, they indicate the *trend* of operating expenses in the respective freight and passenger services.

Mr. Hooper is of the opinion that cost of progress, that is, the cost of protection of the plant against obsolescence, is an additional investment in property and should not be regarded as an expense incident to maintenance. He criticises the Interstate Commerce Commission for not being always ready to recognize that surplus invested in railroad property is further investment on which a return should be earned. This much-debated issue is hardly cleared up satisfactorily by our author's argument. There is not a little to be said for the theory that, on a basis of rates providing adequate profits, property adjustments, representing protection against obsolescence, constitute an expense, not an investment.

The sections of the volume dealing with the Commission's classifications, particularly the income, profit-and-loss, and balance-sheet statements, would have been all the more useful if short notes had been included explanatory of the nature of those items not obviously self-interpreting. The chapters describing the organization and working of the railroad accounting and financial departments are, on the whole, good, though the auditing of disbursements is treated somewhat lightly, and, in general, it would have been advantageous to have had the nature of the entries in the various ledgers explained more fully.

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A Theory of Interest. By CLARENCE GILBERT HOAG. New York, The Macmillan Company, 1914.—xi, 228 pp.

This book contains a well and carefully written formulation of the author's theory of interest, followed by a section almost equally long devoted to critical discussion of other theories. The exposition makes free use of the symbols of algebra in simple combinations, and the results are summarized in a somewhat complex three-dimensional diagram. The terminology is novel, a fact concerning which the author says: "My defense is that my whole theory is cast in a fresh mold, and I could not bring myself to be satisfied with expressing it in terms shaped by their associations with theories that will not fit my mind."

The author's theory appears to be substantially sound to just about the extent that it reproduces such elements as are common to the systems of Böhm-Bawerk, Irving Fisher and the productivity school. The treatment is highly deductive, almost exclusively static, and is based on good old-fashioned premises. "The object of all economic acts is increase of pleasure or decrease of pain." Normal conditions are those in which, excepting only errors of calculation, "no imperfections of the market or other causes prevent men's acting according to their best economic interests." Mr. Hoag thus reverts to hedonism and (impliedly) to natural rights, without apparently realizing that he is reverting or that his position is open to disagreement.

The author's pivotal contributions are three in number. The first, the distinction between the subjective and the objective factors of value, appears to arise from the attempt to make sure that utility shall not be misconceived as an intrinsic quality of a commodity. Those who are free from this fallacy will not find Mr. Hoag's conception illuminating, though they may consider that his "subjective factor" is really a joint product of subjective and objective factors.

The second contribution is the conception of "nominal value" without which, the author holds, the idea of the principal of a loan as a continuing entity is meaningless. Apparently two different sums of goods at different times are of equal "nominal value" if the capacity of the later market for receiving pleasure from the later goods, relative to its capacity for receiving pleasure from any other contemporary thing, is equal to the capacity of the earlier market for receiving pleasure from the earlier goods, relative to its capacity for receiving pleasure from "any other thing" in the earlier market. Whether the "other thing" must be the same in the two cases is not explicitly stated. Tentatively, money is taken to be the "other thing," but its

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nominal value is conceived as changing, and no standard is chosen for measuring its changes. In short, after an honest endeavor to state Mr. Hoag's idea in unambiguous terms, the reviewer is forced to conclude that the conception of nominal value has not been made good.

The third contribution, a proof that "advances" must inevitably produce a net surplus of value, reduces itself to the assertion that the opposite is inconceivable.

The book contains some keen analysis, together with some minor errors, but it cannot be regarded as a highly significant addition to the theory of value and distribution. It may be commended, however, to those readers who consider that the remedy for the present dissatisfaction with static and deductive theory consists in further development of deductive machinery and a closer and more unqualified adherence to static premises.

J. M. CLARK.

UNIVERSITY OF CHICAGO.

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RECORD OF POLITICAL EVENTS

[From November 7, 1915, to July 31, 1916.]

I. THE EUROPEAN WAR.

THE WESTERN FRONT.—The winter months witnessed no major operation on the Western front. Fewer men were exposed in the first-line trenches and greater reliance was placed upon the technical devices of modern trench warfare: the high explosive shell, the "curtain of fire," the machine-gun, the mechanical bomb-thrower, the hand grenade, the gas bomb, asphyxiating gas, and the deadly jet of liquid fire. In the absence of more weighty events, official communiqués described the individual exploits of reckless aviators, or petty battles for the crater of an exploded mine, or inconsequential bombardments. Spasmodic local conflicts of more sanguinary character advanced the German line at Hooge (in Belgium), at Vimy (in Artois), at Frise (on the Somme), and on the Butte de Tahure (in Champagne); in compensation, the French won the "La Courtine" intrenchment in Champagne and the peak of Hartmannsweilerkopf in Alsace.—This desultory fighting occupied the interval from the cessation of the Allies' offensive in September-October to the beginning of a terrific German assault on **Verdun**, February 21, 1916. Eight German army corps, under the general command of the Crown Prince, and enormous quantities of heavy artillery were concentrated against the secondary fortifications seven or eight miles north of Verdun. Then suddenly on February 19–20 a bombardment of unprecedented intensity announced the beginning of the greatest battle of the war. On February 21, under cover of incessant artillery fire, German infantry in irresistible masses was hurled against the demolished fortifications. The French line yielded. By its initial impact, the German onslaught swept the French from the Meuse peninsula, back to the Côte de Poivre and Vaux (5¼ miles northwest of Verdun); within the first week the commanding hill-fort of Douaumont (4 miles from Verdun) had succumbed to headlong infantry and pulverizing artillery attacks. During the second week, the French line east of Verdun was crushed back to the strong line of the heights of the Meuse and a savage struggle was waged in the outskirts of Vaux village. Then the storm center shifted to the west bank of the Meuse. Forges, Regnéville, Malancourt, Haucourt, and Béthincourt were captured in rapid succession. But in April the German drive west of the Meuse slackened. Further progress was barred by a French salient of great natural strength, resting on Hill 304 and the bicuspidate ridge called Le Mort Homme (Hills 265 and 295). Moreover, General Joffre was able to stiffen his line with reinforcements, since the British had replaced French troops north of the

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Somme river and now held ninety miles of the Western front. The arrival of Russian contingents, numerically inconsiderable though they were, stimulated confidence. Consequently on May 22 General Joffre struck a counter-blow. By a gallant assault French infantry carried Ft. de Douaumont, May 22. But a fresh German effort recaptured Ft. de Douaumont, May 24, and during the ensuing month a terrific battle northeast of Verdun delivered Ft. de Vaux (June 2–7), Damloup village, Thiaumont redoubt (June 23), and Fleury (June 24) into the hands of the German Crown Prince. Early in July possession of the Thiaumont and Damloup redoubts was strenuously contested, in the communiqués as well as in reality. With the opening of the Anglo-French offensive on the Somme, however, German troops were shifted from Verdun, and apparently the great battle began to flicker out.—July saw the opening of a long-heralded **Anglo-French offensive.** France had trained raw youths of the 1917 class; Great Britain had introduced conscription to supply effectives for the great drive. How many of these had been thrown into the breach at Verdun could not be ascertained, but according to journalistic estimates more than a million bayonets and half a million camp and hospital helpers were available. A host of heavy guns, among them new British fifteen-inch mortars, showered a million shells daily on the elaborate German defenses, preparing the way for infantry attacks. Finally on July 1, early in the morning, the Anglo-French drive began, over a front of 40 kilometres, on both sides of the Somme river. The first day's battle gave the French Hardecourt and the outskirts of Curlu, north of the Somme, and Dompierre, Becquincourt, Bussu, and Fay, south of the Somme. The brunt of their attack was towards the important railway center of Péronne, six miles distant. Simultaneously the British forces, to the north of General Foch's French army, "broke into the German forward system of defences on a front of 16 miles" and struck toward Bapaume, nine or ten miles to the northeast of their line and about 13 miles northwest of Péronne. Within a week the British had captured Montauban (July 1), Mametz, Fricourt (2), La Boisselle (3); and the French, making more rapid progress, had taken Frise (July 2), Mereaucourt wood (3), Herbecourt (3), Assevillers (3), Feuillères (3), Flaucourt (3), Buscourt (3), Barleux (4), Belloy-en-Santerre (4), Hem (5), and Estrées (5). The second week brought the British into the Bois des Trones (July 8–14), Contalmaison (10), Mametz wood (12), Bazentin-le-Petit (14), and Longueval (14). General Foch, during the second week, stormed Hardecourt (which had been lost on July 4) and Mamelon (8), and carried the village of Biaches (9), La Maisonette Farm (10), and Hill 97 (10) overlooking Péronne. A fortnight's fighting had advanced the French line over a front of 10½ miles to a maximum depth of 6 miles and conquered 80 square miles of territory; the French had taken 12,235 prisoners; the British, about 10,000. The third week witnessed vigorous German counter-attacks at Biaches (July 15), La Maisonette (15), and Longueval (18). The Anglo-French advance came almost to a standstill, although a general

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assault along the whole front from Pozières to Vermandovillers, carried out by seventeen divisions (probably about 250,000 men), pressed the German line back 800 yards on a three-kilometre front south of Hardecourt and carried the German first line trenches from Estrées to Vermandovillers (two miles north of Chaulnes). The fourth week brought the British into Pozières, after several days of furious attacks and counter-attacks.

THE EASTERN FRONT.—From October to June the badly battered Russian army rested on the defensive, behind the Tirul swamps, the Dwina river, the lakes around Dvinsk, the Oginski canal, the Pripet marshes, and the Styr river. The Austro-German armies, depleted to provide effectives for the Serbian campaign (see *infra*, p. 5), were for the most part content to perfect their intrenched positions with barbed-wire entanglements and blockhouses. Only feeble efforts were made towards Riga and Dvinsk. Equally futile were Russian winter attacks against Czernowitz, in the extreme south, and among the lake and river mazes of the north. In June, however, the Russians initiated an offensive of formidable proportions, precisely at the moment when the Verdun and Trentino battles most imperatively demanded a further weakening of the Austro-German Eastern front. In preparation for the drive, young recruits of the 1917 class had replenished the Russian ranks. General Ivanov had been superseded by the able and energetic General Brusilov in command of the Russian left wing. A more nearly adequate supply of munitions was now available from new domestic arsenals and from Japan. General Brusilov attacked on a front from Kolki (on the Styr) to Czernowitz and Bessarabia. His northern wing speedily captured the Volhynian fortresses of Lutsk, June 6, and Dubno, June 10, and pressed on across the Styr to Torchin on the road to Vladimir Volynski and to the Stokhod river, on the Lutsk-Kovel road. On the railway from Dubno towards Lemberg, Radziwilov was entered by Russian cavalry, June 16. Brusilov's center drove General von Bothmer back from the western bank of the Sereth, and captured Buczacz on the Stripa, June 10. The extreme left of the Russian line, under General von Letchitzky, compelled General Pflanzer to evacuate the important city of Czernowitz, June 17, and pressed on eagerly to complete the conquest of Bukovina. While Russian cavalry pursued the fleeing Austrians in western Bukovina up the slopes of the Carpathian mountains, General Letchitzky advanced in force up the Pruth valley into Eastern Galicia, inflicted a "great defeat" upon the Austrians, and occupied Kolomea, about June 30. On July 1 the Russian war office announced the capture of 217,000 prisoners between June 4 and June 30, inclusive; an official contradiction was issued in Vienna, and in Berlin the statement was made that the Russian losses during June amounted to more than 262,000 in killed alone. In July General Letchitzky approached Jablonica pass, the great eastern gateway leading into Hungary through the Carpathian ridge. In the Dniester valley, General Bothmer was thrown back upon the Koropice torrent, twelve miles west of the Stripa river. Meantime the Russian armies in Volhynia,

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hitherto stubbornly held in check by General von Linsingen, suddenly resumed their forward thrust. During the second week of July the Russian general Kaledines pushed forward from the Styr to the Stokhod river, following the line of the Kiev-Sarny railway straight towards Kovel. In three days he advanced twenty-five miles. While Kaledines paused before the Stokhod line, only twenty miles east of Kovel, General Sakarov, southeast of Lutsk, drove forward in a new direction, capturing 26,000 prisoners in a decisive battle near Zklin, July 16–21, sweeping the left bank of the lower Lipa, and capturing Verben and Berestechk, west of the Styr, and Brody, east of the Styr.

ITALIAN FRONT.—The increased activity on the Italian front at the end of October failed to produce important results. In their operations against the **Tyrol**, the Italian mountaineers in November made some progress in the regions of Stelfio pass and Tonale pass, on the extreme west; they occupied the Ledro valley, west of Lake Garda, captured Austrian positions in the Gindicaria valley, and approached the gates of Riva; in the Adige valley the Italian front was brought close up to Rovereto; and in the Sugana valley Rocegno was stormed, February 25. In the Venetian and Carnic Alps, Italian detachmenst continued their work of seizing and fortifying dominant peaks. The most considerable infantry engagements, however, occurred on the **Isonzo front**, where the main weight of the Italian army was hurled in vain against the virtually impregnable Austrian positions about Goritz, Doberdo and Tolmino. The Italian offensive lost its vigor about the middle of December, having sustained terrible losses, 150,000 men, according to Austrian reports.—All previous Austro-Italian operations were dwarfed by the **Austrian offensive** begun about May 15. Some sixteen or more Austro-Hungarian divisions were massed in the Trentino sector. Heavy Austrian siege artillery was trained on the Italian line. Insufficiently intrenched, the Italians were swept back with amazing rapidity. By May 31, they had lost Zugna Torta, Pasubio, Val Posina, Arsiero, Asiago, and Borgo, and thirty thousand prisoners. At its apogee, in the middle of June, the Austrian drive had reconquered 270 square miles of Austrian territory and conquered 230 miles of Italy. The Italian commander on the Trentino front, General Brusati, was retired in disgrace. About June 17, however, the Austrians began to withdraw troops for defense against the Russian drive, and their Trentino offensive weakened. The Italian defense, on the other hand, was reinforced by a large army, estimated as high as 500,000 men, which had been prepared for a new Isonzo offensive. The Austrian army which had threatened to pass between Asiago and Arsiero and descend upon Vicenza was halted in a fierce battle on the wooded plateau of Sette Communi and thrown back in confusion. On June 26 the Italians announced the recapture of Asiago, Cesuna, and Monte Cengio; the following day, Posina and Arsiero. In July the Italian advance was checked, without regaining the greater part of the territory lost in May and June.

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BALKAN FRONT.—The **conquest of Serbia**, begun on October 6, proceeded with such irresistible precision that by the end of November the Bulgarian and Austro-German armies had closed upon the plains of Kossovo, only to find that the shattered Serbian army had fled across the western border; in the words of the German communiqué, "with the flight of the scanty remnants of the Serbian army into the Albanian mountains, our main operations are closed." A hostile Serbia no longer obstructed the all-important rail route from Berlin and Vienna through Belgrade and Nish to Sofia and Constantinople. The vast natural resources of Asiatic Turkey were at German disposal. Trainloads of German guns, munitions, and officers were hastened to succor Turkey. British journals began apprehensively to discuss the possibility of a Turco-Teutonic attack on Egypt or India.—The importance of the Serbian campaign might well have warranted Great Britain and France in lending more generous aid to Serbia. Landing half a million men at **Saloniki** might have brought Greece into the war as an active ally, saved Serbia, crushed Bulgaria, thwarted von Mackensen. Landing less than two hundred thousand men simply irritated Greece, failed of saving Serbia, and seriously damaged the Entente's prestige in the Balkans. Rather than sanction this feeble course, M. Théophile Delcassé, the able foreign minister of France, resigned his cabinet post, October 13; Sir Edward Carson, British attorney-general, followed suit, October 18. The calamity predicted by Carson and feared by Delcassé was soon realized in fact. The Anglo-French army which had disembarked at Saloniki in October (see last RECORD, p. 705) found itself too weak to outflank General Todorov, in the Vardar valley, and after advancing as far as Kuprili (Veles), impotently fell back to Krivolak and the Tzerna river. There the Allies rested while the Bulgarians compelled a small Serbian army to abandon its gallant defense of Babuna pass, and captured Monastir, December 2. The **battle of the Vardar** ensued. The wings of the Anglo-French salient were crushed in by powerful blows. Finally, the English evacuated their position, and the whole Anglo-French force sought refuge inside the Greek frontier. At Saloniki they established an "impregnable" intrenched camp, while the Bulgarians paused at the frontier. In May the Bulgarians advanced into Greek territory and seized Forts Rupel and Dragotin. Some Serbian troops, possibly 125,000, which made their way through Montenegro and Albania to the Adriatic coast, were reorganized on the Greek islands of Corfu and Fano and ultimately transferred to Saloniki.—The **conquest of Montenegro** followed rapidly upon the Serbian débâcle. Strong Austrian columns from the east converged upon the interior during December; in January another Austrian army stormed the natural fortress of Mt. Lovchen and easily captured Cetinje, the capital city, January 16. Peace negotiations were rendered abortive by Austria-Hungary's insistence on too humiliating terms. King Nicholas made good his escape, leaving his country in the invader's hand. From Montenegro the Austrians pressed southward into **Albania**, stormed

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Scutari in the last week of January, and compelled the Italians to evacuate Durazzo at the close of February. The Bulgarians meanwhile penetrated central Albania from the east, captured Elbassan in February, and menaced the town of Avlona, where Italian and Albanian troops still held out.

ON THE TURKISH FRONTS.—The operations on the various Turkish fronts assumed additional interest after the conquest of Serbia. Success for the Anglo-French campaign at the **Dardanelles** would now have been of tremendous consequence, to retrieve the Allies' lost prestige in the Balkans, to deprive the Central Powers of the strategic and economic value of Asiatic Turkey, to eliminate a possibility of Turco-Teutonic offensive against Egypt, Persia, or India, as well as to enable Russia freely to exchange her superabundant wheat for direly needed high explosives. But the Dardanelles campaign no longer gave promise of success. The resignation of the French naval commander Vice-Admiral Lapeyrère, October 11, and the recall, October 18, of Sir Ian Hamilton, the general commanding the British land forces, pointed to defeat. Sir Ian Hamilton's successor, Sir Charles Monro, prolonged the costly offensive on the tip of the Gallipoli peninsula and captured 280 yards of Turkish trenches along the Krithia Nullah. General Monro subsequently admitted that the British lines possessed "every possible military defect." Premier Asquith and Mr. Winston Churchill, in the British House of Commons, maintained that the enterprise, while failing of obvious success, had at least diverted Turkish troops from possible attacks against Egypt or Persia. At last on the night of December 19 the Australasian troops skilfully evacuated their positions at Suvla Bay and Anzac cove. About 40,000 men were still left on the tip of the peninsula, French troops holding about a third of the line. These troops were also furtively withdrawn, January 8. The campaign thus ignominiously concluded cost Great Britain 117,549 casualties, including 28,200 killed, 78,095 wounded, and 11,254 missing, besides an enormous number of men incapacitated by sickness. In the first few days of December, alone, some 200 men lost their lives in a bitter storm and 10,000 were placed on the sick list. Reports published by General Sir Ian Hamilton and General Monro implied that lack of experienced leadership, mismanagement, a deficient water supply, and inclement weather had enhanced the difficulty of a naturally arduous campaign and greatly augmented the toll of sick, wounded and killed. A rather tardy official investigation of the matter was instituted by the British government in July.—That the Turkish forces set free by the Allies' evacuation of Gallipoli peninsula would be employed in an attack upon **Egypt** was generally predicted. The expected campaign failed to materialize, however, and only insignificant engagements were reported in the area east of the Suez canal. (See also Operations in Africa, *infra*, p. 7.)—Against the strategic British position of **Aden**, at the southernmost tip of Arabia, unimportant Arab forces delivered inconsequential attacks.—More serious fighting occurred in **Mesopotamia**. A British column under General Townshend ascended the Tigris river to Ctesiphon

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(within 18 miles of Bagdad) and there defeated more than 13,000 Turks, capturing 1350, November 22–24. As the Turks received timely reinforcements, however, Townshend fell back to Lajj (November 25–26), Aziziyah (November 27), Umm-al-Tubal (November 30). By December 3, Townshend had reached Kut-el-Amara. He had retreated over 100 miles in 7 days. Losses of 4500 were officially admitted by the British. At Kut-el-Amara, in a "U" shaped loop of the Tigris, General Townshend with his rear guard was surrounded and besieged, December 6–7, by Nur-ed-Din Pasha. Relief expeditions led by Generals Aylmer and Gorringe pushed up the valley to within gunshot of Kut-el-Amara. Nine tons of provisions were dropped from aëroplanes for the starving garrison. But hunger at last compelled Townshend to capitulate, on April 28, with 2970 British and 6000 Indian soldiers (Turkish report, 13,300).—Greater success attended the **Russian operations** against Turkey. On the Russo-Turkish front in Armenia, a decisive battle in January shattered the Turkish line on the Arasa river and near Lake Tortum. The Russians claimed 4000 prisoners. Grand Duke Nicholas forthwith dispatched General Yudenitch with a strong Russian army against the city of Erzerum, 60 miles west of the frontier. This place was situated on a plateau 6000 feet high, flanked by mountains, and strongly defended by 18 forts, over 300 guns, and about 90,000 men. The eminent German strategist, Field Marshal von der Goltz, conducted the defense. Under the circumstances, the capture of Erzerum after a five days' assault, February 16, was little short of spectacular. About 13,000 men and 323 guns were taken, the bulk of the Turkish army having made good its escape. Under the general direction of the Grand Duke Nicholas, the Russian armies on a far-flung fan-shaped front now pushed forward in five principal columns. The most northerly skirted the Black Sea coast, captured the very important seaport of Trebizond, April 18, and then pushed on toward Platana and Djivizlyk in May and June. A second Russian column under General Yudenitch pressed northwest and west from Erzerum, penetrated the mountainous region of the upper Choruk, captured Mamakhatum (announced July 12), Baiburt (July 16), Ardasa, Gumushkaneh (July 22), and Erzingan (July 25). "Old Armenia" was thus almost wholly delivered into Russian possession. More southerly Russian armies captured Mush (February 18) and Bitlis (March 3) and struck towards Diarbekr, with the aim of cutting the Bagdad railway route; the fourth Russian column, with Mosul as its objective, and the fifth, painfully toiling westward along the mountainous caravan route from Kermanshah (see *infra*, p. 70) to Bagdad, met with severe reverses. The fifth Russian army, indeed, was compelled to evacuate Kermanshah early in July.

OPERATIONS IN AFRICA.—The German-colonial garrison of **Kamerun** was overwhelmed by converging British, French, and Belgian columns. The German governor, Herr Ebermaier, and the commandant, Zimmermann, made good their escape in January; on February 6 the Spanish

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government announced that 900 German and 14,000 colonial troops had taken refuge in Spanish Guinea. The conquest of Kamerun was completed in February.—**German East Africa**, the sole remaining German colony, was stubbornly defended by some 4000 Germans with the aid of 30,000 or more native soldiers and of the big guns from the "Königsburg." British and Belgian forces closed in from all sides. But the most serious invasion came from British East Africa, whence General Jan Christian Smuts led 25,000 South African troops around the forested slopes of Kilimanjaro and into the heart of German East Africa, towards Kondoa and Kilimatinde. Other British troops conquered the Pangani valley and the Moshi-Tanga railway, between Kilimanjaro and the coast.—During the winter of 1915–1916 the desert hinterland of Italian **Libya** and western **Egypt** was overrun by rebel Mohammedan tribesmen, the Senussi, with the aid and encouragement of Turkish officers and agitators, among them, Nuri Bey, brother of the Turkish war minister.—In the Anglo-Egyptian **Sudan**, Ali Dinar, the insurgent sultan of Darfur, was defeated by Colonel Kelly and expelled from his capital, El Fasher, on May 23.

THE ENTRY OF PORTUGAL.—Portugal entered the war as the fourteenth belligerent, March 9. In accordance with the Anglo-Portuguese treaty of alliance, which bound Portugal to furnish 10,000 troops if required, the Portuguese government at an early stage in the war had declared its readiness to stand by Great Britain. Accordingly in February Sir Edward Grey requested Portugal to seize all German ships interned in Portuguese waters. This order, almost synchronizing with the Italian decision, February 29, to requisition German vessels, was doubtless dictated by the serious inadequacy of even Great Britain's enormous merchant marine to furnish transportation for troops, military supplies, and commerce (see *infra*, p. 43). Possibly, also, a redistribution of Portuguese colonies, 800,000 square miles in extent, might be necessary in the general territorial readjustment at the conclusion of peace. Obeying the British request, the Portuguese government on February 23–24 seized about two score Austrian and German vessels. The German government replied with a declaration of war, March 9. The German declaration of war, it is worth noting, enumerated various other breaches of neutrality by Portugal; for example, Portugal had allowed British troops to pass through the Portuguese African colony of Mozambique. Austria-Hungary severed relations with Portugal, March 14. No active part in the war was taken by Portugal, although reservists were summoned to the colors and enemy aliens interned.

MARITIME WARFARE.—Although it had already become patent that German U-Boats would not avail to wrest from Great Britain the weighty advantages of naval supremacy, nevertheless German **submarine attacks** on Entente and neutral merchantmen in the "war zone" persisted, with somewhat diminished frequency. In the Mediterranean, German and Austrian submarines became particularly active in an endeavor to impede

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the movement of Allied troops and supplies to the Near East. Several big French troop-ships, notably the "Calvados" and "La Provence," were successfully assailed; the British battleship "Russell," the French armored cruiser "Admiral Charnier," and various smaller war-craft were destroyed; but most of the vessels attacked were merchantmen, such as the Italian liner "Ancona," the Japanese "Yasaka Maru," and the British "Persia." In all theatres of war, it was estimated that up to March 23 Great Britain had lost approximately 6 per cent of her steam shipping; France, 7 per cent; Russia, 5 per cent; Italy, 4½ per cent. The loss of merchant shipping, as far as Great Britain was concerned, was exactly balanced by new construction, according to the statement of Lord Curzon, British Lord Privy Seal, May 3. So many merchant vessels, however, were required for military purposes, that the loss inflicted by German submersibles and mines was the more keenly felt.—Neutral powers as well as belligerents suffered from submarines. By one estimate, some 120 neutral merchantmen, mostly Scandinavian, had been destroyed by the end of April. Full apology and indemnity was in some cases promptly vouchsafed; other cases gave rise to controversy and reproach (see United States and the War, *infra*, p. 14). German difficulties with neutral powers were aggravated by the Austro-German declaration of February 8, that on March 1 the submarines of the Central Powers would be instructed to attack without warning any enemy merchantman mounting guns. Such merchantmen, Berlin contended, were in effect belligerent warships. Neutral governments were requested to warn their subjects against traveling on armed liners of the Entente Powers. Sweden concurred in the German viewpoint. The United States, however, maintained the right of merchantmen to carry defensive armament (see United States and the War, *infra*, p. 15). A series of submarine "atrocities," such as the sinking of the alleged Russian hospital ship "Portugal" by a Turkish submarine in the Black Sea, the destruction of the Dutch liners "Tubantia" and "Palembang," and the torpedoing of the British passenger vessel "Sussex" in the English Channel, further excited indignation in the United States, during March. In April a crisis was reached. On May 4, however, the German government yielded to American pressure and promised a fundamental modification of the submarine campaign. Before sinking merchantmen, submarines would give due warning and would provide for the safety of passengers, provided that no attempt at flight or resistance be made after the warning. This was tantamount to a revocation of the German "war zone" proclamation of February 4, 1915, and of the Austro-German declaration of war against armed enemy merchantmen. Numerous merchantmen were subsequently destroyed by German submarines, in June no fewer than 61, with a tonnage of 100,000. But no grave violation was reported of the promise of May 4. —While ruthless submarine warfare declined, a new use was found for German submersibles in July when Captain Paul Koenig piloted the unarmed **merchant submarine** "Deutschland" under the British blockade and

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across the Atlantic to the United States, with a valuable cargo of dyestuffs. —In making the concession of May 4, the German government called attention to **violations of international maritime law by the Entente** Powers. A fortnight later, the Austro-Hungarian Government issued a document recounting various alleged outrages committed by the Entente's submarines. Most conspicuous was the sinking of the Austrian hospital ship "Elektra" in the Adriatic. As another instance of inhumanity, the Germans cited the alleged cold-blooded murder of a defenseless German submarine crew on the "Baralong"; threats of reprisal in this instance led to mutual recrimination and a British offer to submit the matter to impartial inquiry. Again, in July, the captain of a British merchantman was court-martialed and shot in Germany as a "franc-tireur" on account of an alleged attempt to ram a German submarine.—But the most important German complaint was against the **British blockade.** The British government by its orders in council had modified and finally (July 8) set aside entirely the code of law for maritime warfare proposed in the Declaration of London (1909). The purpose of the British blockade appeared to German controversialists as a cruel determination to starve innocent German women and children. The methods of the blockade, and especially Great Britain's interference with Scandinavian mails, were characterized as the grossest violation of neutral rights.—German commerce with the Scandinavian countries was not only curtailed by British orders in council, but also harassed by British and Russian submarines in the **Baltic.** Besides numerous merchantmen, Germany suffered the loss of several warships in the Baltic: the small protected cruiser "Undine" (November 7), the small cruiser "Bremen" (December 17), and a number of auxiliary cruisers.—While throughout the winter and spring British naval dominance in the **North Sea** was unchallenged, frequent annoyance was caused by mine disasters and by German raids. On April 25 a German battle-cruiser squadron with impunity descended upon the east coast of England and bombarded Lowestoft and Yarmouth. Moreover, the German commerce raider "Moewe" succeeded in slipping through the British "blockade" and in effecting a safe return to Wilhelmshaven, March 5, with 199 prisoners and booty of 1,000,000 marks in gold, after capturing 16 vessels and laying numerous mines.—To protect the British coast, and to prevent German raids, the British fleet was redistributed and many ships brought southward.—On May 31 the German grand fleet for the first time sailed forth from its base and offered battle, off the west coast of Jutland. The **Jutland battle** began in the late afternoon as a running fight between Vice-Admiral Hipper's German cruiser squadron and Vice-Admiral Sir David Beatty's British battle cruisers. Five swift British superdreadnoughts of the "Queen Elizabeth" type speedily came to Beatty's support, opening fire with their ponderous 15-inch guns at a range of more than 11 miles. When the main German fleet under Admiral Scheer came into view, however, the lighter British ships turned sharply and led the Germans north-

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westward to meet the British battle fleet, which for two hours had been steaming furiously southward. According to German accounts, Admiral Scheer boldly attacked the whole British fleet, against odds of two to one, and returned home only after Sir John Jellicoe had withdrawn from the conflict under cover of a pall of smoke. According to Sir John Jellicoe's official dispatch, only "low visibility" and the approach of night enabled the German battle fleet, after a two-hour engagement at a range of 5 or 6 miles, to escape annihilation and elude pursuit. The losses on the British side included three splendid battle cruisers ("Queen Mary," "Indefatigable," and "Invincible"), three armored cruisers ("Defence," "Warrior," and "Black Prince") and eight destroyers—a total tonnage of 114,100. The German losses embraced one battle cruiser ("Lützow"), one older battleship ("Pommern"), four cruisers ("Wiesbaden," "Frauenlob," "Elbing," "Rostock") and five torpedo boats. "For military reasons" the German Admiralty concealed the loss of the "Lützow" and "Rostock" until June 8. The conceded German loss in tonnage was 60,720, somewhat more than half that of Great Britain. British statements, however, affirmed that the German naval authorities were still unwilling to admit the full extent of their losses. In men, Germany lost 2863; Great Britain, 6617. **Other naval operations** were of secondary importance. On the Belgian coast, a German submarine was destroyed by a British 'plane in November, and the Belgian town of Zeebrugge was subjected to a very heavy bombardment by British warships, April 25.—In the Mediterranean region the recognized naval superiority of the Anglo-Franco-Italian coalition compelled the Austro-Hungarian fleet to rest inactive at Pola; it enabled Italy to maintain an army in Albania; it safeguarded the Anglo-French withdrawal from the Dardanelles and made it possible for the Allies to land troops in Saloniki and coerce Greece by threat of blockade. Only minor naval losses were suffered.—In the Dardanelles and in the Sea of Marmora British submarines continued to render effective service.—In the Black Sea the Russian navy was inadequate to prevent occasional raids by the Turco-German cruisers "Yawuz Sultan Selim" (*Goeben*) and "Midullu" (*Breslau*), but Russian warships were at any rate able to lend valuable assistance in the capture of Trebizond and to protect the flank of the Russian armies in Asia Minor.

AËRIAL WARFARE.—In detecting enemy infantry movements behind the lines, and in "spotting" artillery fire, **aeroplanes** performed military services of the highest value. The importance of aërial reconnaissance was never better illustrated than in the Anglo-French offensive on the Somme; in the course of a single day (July 2) the Allies sacrificed 15 aviators. A German communiqué of July 7 stated that during June no fewer than 37 British and French 'planes had been destroyed or captured; the German loss was 7.—**Air raids** inside the enemy's lines, chiefly for the purpose of observing troop movements, frequently assumed a destructive character. On February 2, for example, 17 French 'planes killed 470 and

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wounded 500 men in Bulgarian camps on the Greek frontier; on March 20 a formidable fleet of 65 Allied 'planes bombed the Belgian coast; on March 20 seven Italian aviators killed 9 civilians in Trieste. One of the most spectacular feats was the flight of a French aviator from Lorraine to Poland; in this case a manifesto rather than a shower of bombs was dropped on Berlin.—German and Austrian aviators, no less active, terrorized northern Italy and bombarded Saloniki, Paris, Minsk, Dunkirk, Avlona, and many other continental cities. Zeppelin and aeroplane raids on England served chiefly to excite indignation; from the beginning of the war to February 4, 1916, they had caused the death of 17 soldiers, 116 other men, 90 women, and 43 children. An important Zeppelin raid on January 31 killed 67 and wounded 117; another, on March 31–April 2, killed 59 and wounded 166.—Prior to February, 1916, at least 25 **Zeppelins** were said to have been destroyed; subsequently, one was destroyed in France, February 22; another in Norway, May 5; and a third at Saloniki, May 5.

PEACE SUGGESTIONS AND DIPLOMACY.—As the second year of the war brought even more sanguinary battles and more bitter sacrifices, with no hopeful prospect of a speedy decision by arms, suggestions multiplied for the restoration of peace through diplomacy. In the British House of Commons and in the German Reichstag, pacifist speakers demanded the public definition of reasonable peace terms. One of the most interesting efforts to end the war was the **Ford expedition**, organized and financed by the weathy American automobile manufacturer, Henry Ford, whose avowed intent was to "get the boys out of the trenches before Christmas." The 148 pacifists comprising Mr. Ford's party sailed from New York on the "Oscar II," December 4; but the plan miscarried, dissensions developed, and after a brief stay in Scandinavia and a fortnight's deliberation at the Hague, most of the party returned to New York; their principal achievement was to establish a permanent neutral conference for continuous mediation.—**Diplomatic efforts** to terminate the war were attributed by the press to Pope Benedict XV and to President Wilson. Color was lent to such rumors by the supreme pontiff's peace plea of December 6 (see *infra*, p. 56) and by President Wilson's outspoken appreciation of the mediatory mission of the United States; but no official announcement of peace overtures was made, nor did any material result appear.—That the German government would welcome peace negotiations, on its own terms, seemed to be a fair interpretation of the imperial chancellor's Reichstag speeches of December 9 (see *infra*, p. 56), April 5, and June 5, and his interview of May 22. Possibly such declarations were calculated merely to conciliate German Socialism and to confirm the German nation in its conviction of a just cause in a defensive war against implacable foes. At any rate, the **peace terms** suggested by Dr. von Bethmann-Hollweg were impossible of discussion by the Allies. The basis of negotiations must be the war map. Russia must renounce Poland, Lithuania, and Courland. "A new Bel-

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gium" must be established, no longer subservient to the Allies, but friendly to Germany; the rights of the Flemish race in Belgium must be protected. German economic, political, and military interests must be assured; Alsace-Lorraine, retained. For the rest, von Bethmann-Hollweg repudiated immoderate schemes of conquest.—The Allies, on the other hand, reiterated their intention of crushing Prussian militarism. A solemn pledge not to make peace until Belgian independence was restored was taken by the Entente Powers on February 14, shortly after rumors of a separate Belgo-German peace had won wide currency; Belgium was furthermore guaranteed in possession of the Congo, April 29. Mr. Asquith also assured Serbia independence; and the exiled Serbian premier, M. Paschitch, in April still prophesied the future unification of Serbs, Croats, and Slovenes, at the expense of Austria-Hungary. As for the individual aims of the Entente Powers, new evidences were given of the virtually unanimous demand of France for Alsace-Lorraine. Professor Paul Milyukov, leader of the "progressive *bloc*" in the Duma, was quoted in the *Manchester Guardian* to the effect that Russia's "supreme aim in this war is to get possession of Constantinople"; in a Duma speech he asserted that this point had been definitely agreed upon at the beginning of April, 1915. Poland's unity and autonomy had already been declared as a Russian desire. No new definition was made of Italy's irredentist and colonial aspirations or of Japan's designs in China.—By far the most significant diplomatic development affecting the outcome of the war was the conclusion of agreements and the establishment of war councils expressive of the solidarity of the Entente. The **Pact of London**, signed by Great Britain, France and Russia on September 5, 1914, and by Japan on October 19, 1915, was adhered to by Italy, November 30, 1915; henceforth all the major Entente Powers were pledged not to conclude peace except by joint agreement and mutual consent. To secure more effective military coöperation, an Anglo-French **war council** was organized in November. On March 27–28 a more comprehensive war council, representing France, Italy, Great Britain, Russia, Serbia, Portugal, Japan, and Belgium, met at Paris and not only made plans for a concerted general summer offensive and for diplomatic harmony, but also resolved to establish a permanent committee to maintain the stringency of the blockade and a bureau to regulate the cost and relieve the congestion of marine freight transportation. An Allied interparliamentary economic conference convened at Paris in April, preparing the way for the tremendously significant **Entente Powers Economic Conference** which met at Paris June 14–17. The program formulated by this June Conference not only tended to increase the severity of the economic measures against the Central Powers during the war, but also indicated a determination to continue the struggle after the conclusion of peace by partially excluding German products from Entente markets and by establishing an economic *bloc* of the Entente Powers, cemented by uniform patent-, corporation-, and bankruptcy-laws, and, presumably, by

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preferential tariffs.—On the other side, the accord of the Central Powers was attested by conferences between William II and Francis Joseph at Vienna in November, between William II and Ferdinand at Nish in January, and between Ferdinand and Francis Joseph at Schönbrunn in February, as well as by an Austro-German economic conference at Dresden, in November, attended by Turkish and Bulgarian representatives. The program of the Entente Powers for the establishment of an economic coalition after the war had its parallel in the pan-German plan, definitely outlined and universally discussed, for the creation of a greater *Zollverein*, embracing Germany, Austria-Hungary, Bulgaria, and Turkey. The economic opposition of the Quadruple Alliance to the Quintuple Entente, thus clearly defined, presaged an era of rancorous trade rivalry after the war, and potently operated to postpone the conclusion of peace.

THE UNITED STATES AND THE EUROPEAN WAR.—The conduct of **submarine warfare** (see last RECORD, pp. 707-709) continued to involve the United States in grave diplomatic controversies. On November 9 nine Americans lost their lives when an Austrian submarine sank the Italian liner "Ancona." Characterizing this act as "inhuman and barbarous" and "a wanton slaughter of defenseless noncombatants," Secretary Lansing demanded, in a note of December 6, that the Austrian government should admit its illegality, punish the offending commander and pay an indemnity. The Austrian reply of December 15 was evasive; it raised technical objections to statements in the American note. "Even if this presentation were correct . . . it does not in any way sufficiently warrant attaching blame to the commanding officer." Refusing to be diverted into a discussion of details, Secretary Lansing renewed his demands in a second note. These demands the Austrian government finally acceded to on December 30, giving assurance at the same time that its submarines would in no case imperil the safety of passengers on vessels which did not offer resistance or attempt to escape. On the same day the British liner "Persia" was torpedoed without warning in the Mediterranean, 330 lives being lost. The responsibility for this attack could not be fixed on Germany or on any of her allies. But the German ambassador declared that the submarines of his country in the Mediterranean had been and still were under orders to conform strictly to the rules of international law; and on January 8 a German note further declared that American vessels would be sunk only when carrying absolute contraband and when passengers and crews could reach port in safety. Meanwhile negotiations were proceeding for the settlement of the "Lusitania" case; and on January 28, in order to clear away a possible ground of future misunderstanding with Germany and in order to deprive submarines of any excuse for ignoring the rule of visit and search, the Secretary of State asked the Allies to discontinue the practice of arming liners. Merchantmen were armed, he said, for the

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purpose of rendering them superior in force to submarines and of making visit and search hazardous. "Any armament, therefore, on a merchant vessel would seem to have the character of an offensive armament. . . . My government is impressed with the reasonableness of the argument that a merchant vessel carrying armament of any sort should be held to be an auxiliary cruiser." This doctrine the Allies naturally condemned; but the Central Powers, taking shrewd advantage of the situation, announced on February 10 that after the end of the month they would treat the armed merchantmen of enemy countries as vessels of war. Then the Administration shifted ground. It announced on February 15 that "merchant vessels have an international legal right to arm for the sole purpose of defence." If an American lost his life while traveling upon an armed merchantman, the government would exact reparation if inquiry showed that the armament was of a defensive nature. Democrats in Congress regarded this new controversy with misgiving; a formidable sentiment developed in favor of warning Americans not to travel on armed liners; and resolutions having that end in view were introduced in both houses. The President informed Senator Stone that he could not consent to any abridgment of the right of Americans to travel on such vessels. At first he strove to prevent the resolutions coming to a vote. But eventually he decided to test the strength of the opposition and to vindicate his freedom of action in the conduct of foreign relations. In neither house was the result decisive. In the Senate the Gore resolution had been so framed as to embarrass the supporters of the President, for it declared that if an armed liner were attacked without warning and if an American lost his life, the incident would be "a just and sufficient cause of war." Senator Gore had of course intended to secure the rejection of his resolution; but on March 3 it was tabled by a vote of 68 to 14. The House followed the same course with the McLemore resolution, tabling it by a vote of 276 to 142. The President's policy had been neither condemned nor vindicated; but it had been left in his own hands without interference from Congress. The British steamer "Sussex," plying between Folkestone and Dieppe, was sunk on March 24, with the loss of 50 lives. Among the passengers were 25 Americans. Germany denied, on April 10, that a German submarine had sunk the "Sussex," the presence of mines being suggested as a possible cause of the catastrophe. It was true, however, that at the same time and approximately at the same place an unknown vessel, resembling a vessel of war, had been torpedoed. Considering the evidence in the hands of the Administration, the inadequacy of this reply could not be ignored. President Wilson, impressed with the seriousness of the crisis, delivered an address to the houses of Congress on April 19. German warfare, he said, had grown "more and more ruthless, more and more indiscriminate," "less and

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less observant of restraint of any kind." It had become "grossly evident that warfare of such a sort, if warfare it be, cannot be carried on without the most palpable violation of the dictates alike of right and humanity." On the previous day a note had been addressed to Germany, couched in similar language and ending with the threat that diplomatic intercourse would be interrupted unless the methods of warfare were changed. In an appendix authenticated evidence was given to show that the "Sussex" had been torpedoed without warning and by a German submarine. On May 5 Germany informed the United States, in reply, that her naval forces had been ordered to sink no merchant vessel without warning and without saving the lives of passengers and crew unless resistance should be offered or an attempt made to escape. It was suggested that the United States should compel Great Britain to observe the rules of international law. On May 8 the United States accepted the German declaration, but refused to consider it as contingent upon the course of diplomatic negotiations between the United States and Great Britain. On the same day Germany acknowledged that the "Sussex" had been sunk by a German submarine commander, who had been appropriately punished, expressed regret and offered to pay an adequate indemnity.—On February 1 a German prize crew brought into Hampton Roads the British liner "Appam" which had been captured off the coast of Africa. Some doubt was entertained as to her status. But on July 29 the United States district court at Norfolk held that the steamer and cargo should be restored to her owners. "The manner of bringing the 'Appam' into the United States, as well as her presence in those waters, constitutes a violation of the neutrality of the United States."—Evidence of the **activity of German agents** in the United States steadily accumulated. Robert Fay and two accomplices were convicted, on May 8, of conspiracy to destroy ocean vessels engaged in the transportation of munitions (see last RECORD, p. 710). Somewhat earlier nine Germans connected with the Hamburg American and North German Lloyd lines were indicted on a similar charge. The discovery of a plot to dynamite the Welland Canal involved officials of the German embassy: Captain Boy-Ed, the naval attaché, Captain von Papen, the military attaché, and Wolf von Igel, an under-secretary. These three, along with others, were indicted; but both attachés, implicated in other plots, had been recalled at the instance of the administration. Among 32 persons indicted for conspiracy at San Francisco were the German and Turkish consuls; the German consul at Baltimore was indicted on the charge of procuring a fraudulent passport.—On December 28 the federal grand jury at New York indicted Congressman Frank Buchanan, ex-Congressman Robert H. Fowler and six other persons on the charge of fomenting strikes among munition workers and longshoremen for the purpose of preventing

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the shipment of warlike materials to the Allies. This indictment eventually led to a conflict between the local federal attorney and a subcommittee of the House of Representatives (see *infra*, p. 26).—The United States, irritated by British interference with transoceanic mails and with the character of the **British blockade**, maintained a vigorous diplomatic correspondence with that country. A note of October 21 insisted that the blockade should be conducted according to the established rules of international conduct and not according to mere expediency. "It has been conclusively shown that the methods sought to be employed by Great Britain to obtain and use evidence of enemy destination of cargoes bound for neutral ports and to impose a contraband character upon such cargoes are without justification; that the blockade, upon which such methods are partly founded, is ineffective, illegal, and indefensible; that the judicial procedure offered as a means of reparation for an international injury is inherently defective for the purpose; and that in many cases jurisdiction is asserted in violation of the law of nations." On January 4 a strong protest was made against the **seizure of American mails** to and from Scandinavian countries. Strong feeling had been aroused, Mr. Lansing said, on account of the loss of valuable letters, drafts and money orders; foreign banks were refusing to cash American drafts. That sealed mails and diplomatic pouches had been detained was "an aggravating circumstance in a practice which is generally regarded in this country as vexatiously inquisitional and without compensating advantage to Great Britain." In February Sweden suggested that the United States combine with other neutral nations to secure free transit for the mails. Great Britain, responding in April to the note of October 21, maintained the legality of the policies and methods pursued in the blockade. She announced herself quite ready, however, to consider favorably any modifications which would lessen the inconvenience which neutrals complained of. But such modifications must not impair the substantial effectiveness of measures now in force. On March 26 Secretary Lansing made public a second protest against the Anglo-French policy of interference with the mails. This note had been addressed to both the French and British governments. It challenged the legality of the practice. "Only a radical change in the present policy, restoring to the United States its full rights as a neutral power, will satisfy this government." In the near future the United States would press claims for full reparation for losses sustained by American citizens through this "continuing offence." On July 24 a British memorandum, to be supplemented by a more elaborate note, considered the various abuses condemned by Secretary Lansing. Reviewing the evidence, it concluded that "the specific complaints do not support the general charge against the efficiency of the British censorship." A fresh subject of controversy arose when British naval author-

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ities seized 38 enemy citizens who were passengers on the American steamer "China," these men having conspired against the government of India. On May 13, however, recognizing the justice of the American protest, Great Britain released the captives with an apology. On April 14 the British government reached an accommodation with the Chicago meat-packers whose cargoes were seized early in the war (see last RECORD, p. 710), the packers receiving payment for the cargoes and giving guarantees that they would not in future trade with the enemies of Great Britain. In the case of the "Wilhelmina," the British prize court awarded to the owner of the cargo, which had been seized more than a year before, the sum of $390,000.—On July 18 the British government blacklisted 82 American firms, for the most part German agencies, and, under the Trading with the Enemy Act, forbade British subjects to have dealings with them. This action appeared to involve serious consequences for the firms concerned, for since British steamship lines could not transport their goods, foreign markets would practically be closed to them. Under these circumstances, in a note of July 26, the United States expressed the hope that Great Britain had acted "without a full realization of the many undeserved and undesirable results that might ensue," her conduct being "inevitably and essentially inconsistent with the rights of the citizens of all nations not involved in the war." The irritation manifested in this note was partly dispelled when the British ambassador explained in some detail the purport of the blacklist.

II. INTERNATIONAL RELATIONS

EUROPEAN AND ASIATIC RELATIONS.—A formal Russo-Japanese convention was signed at Petrograd, July 3, supplementing and extending the agreements of 1907 and 1910. Neither power would enter combinations hostile to the other; either power would consult with the other, with a view to assistance, in case military defence of Far Eastern interests became imperative.—On March 28 a Russo-Chinese agreement was signed, whereby Russia received permission to consolidate her control of northern Manchuria by constructing a new railway between Blagoveshchensk on the Russian Amur frontier and Harbin and Tsitsikar in Manchuria.—A rumor that the Entente Powers had invited China to join the Entente received wide credence in November but was formally denied by the Chinese government, December 2.—The bond between Italy and the Entente was drawn closer not only by Italy's adhesion to the Pact of London (see *supra*, p. 13) but also by agreements with Great Britain and France further defining the Mediterranean declaration of 1904 with respect to Egypt (see *infra*, p. 50) and Morocco (see *infra*, p. 71). (See also European War; Denmark; Sweden; Netherlands; Greece; Rumania; China; Russia; Poland.)

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THE UNITED STATES AND MEXICO.—Relations between the United States and Mexico, which seemed in a fair way to final adjustment in October (see last RECORD, p. 711), assumed once more a dangerous aspect in January. The recognition of Carranza, the removal of the embargo on the shipment of ammunition, and the privilege granted to him of using American railroads to facilitate his operations against Villa had reduced the latter to extremities. As a last recourse he apparently determined to provoke American intervention. At Santa Ysabel 19 Americans, officials and employees of a mining company, were taken from a train and murdered by Villistas on January 10. Carranza, replying to the vigorous representations of Secretary Lansing, gave satisfactory evidence of a desire to capture the offenders and to mete out "condign punishment"; and President Wilson, notwithstanding the excitement manifested in Congress and in the border states, stood firmly against an invasion of Mexico. His restraint led only to a more flagrant outrage. On March 9, under cover of night, Villa crossed the border and surprised the town of Columbus, New Mexico, where a detachment of the 13th cavalry was supposed to be maintaining a vigilant guard. Nine civilians and eight troopers were killed, the Villistas finally being driven off and pursued, with the loss of about 60 men, fifteen miles into Mexican territory. The Administration immediately decided upon a more vigorous policy. On March 13 an agreement was reached with Carranza whereby he permitted the sending of a military force in pursuit of Villa on condition that his own forces should have the corresponding right to pursue bandits across the frontier. **The punitive expedition** was organized by Major-General Frederick Funston and commanded by Brigadier-General J. J. Pershing. On March 15 it entered Mexico 6000 strong, these numbers being subsequently doubled. Although Carranza would not permit the use of railroads even for the transportation of supplies, the cavalry made such rapid progress that an advanced base was established, on March 26, 230 miles south of the border. Three days later Colonel Dodd, encountering Villa at San Geronimo, fought a running engagement and killed sixty Mexicans; and on April 1 Colonel Brown inflicted further losses upon the Villistas at Aguascalientes. These events aggravated the already hostile sentiments of the people. When, on April 12, American troopers entered the town of Parral, a conflict ensued in which two troopers and forty Mexicans were killed. Carranza, while expressing regret, informed the United States that unless the expedition were withdrawn more serious incidents might occur. He had already inquired how far the American forces intended to push their ineffectual pursuit, and declared that they had entered Mexico without a formal and definite understanding. "It is now time," he said, "to treat with the government of the United States on the subject of the withdrawal of its forces." These representations

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placed President Wilson in a difficult position. He had, from the first, announced that Mexican sovereignty would be fully respected. On March 25 he had denounced "sinister and unscrupulous influences" in the United States which sought to "traffic in falsehoods" and produce intolerable friction between the two countries. When Carranza now asserted that his own forces were ample to deal with the Villista bands, the President sent General Scott to confer with Carranza's minister of war at El Paso. Conferences ended on May 4 without any agreement being reached; but it was commonly believed, and confirmed by later developments, that the expedition would be gradually withdrawn towards the border. Meanwhile, following a raid upon two Texas towns, Wilson strengthened as far as possible the frontier guard of regulars and ordered out the militia of Texas, New Mexico and Arizona. He also warned all Americans to leave Mexico. On May 22 Carranza sent a note to Washington protesting against the violation of Mexican sovereignty, urging the government to define its policy and formally requesting the withdrawal of the expedition. His commander in Chihuahua informed General Pershing, on June 16, that any movement of American troops except in a northerly direction would be regarded as a hostile act. Suddenly, on June 18, taking Congress and the country by surprise, the President ordered the mobilization of the entire organized militia of the states and its dispatch to the frontier. In an elaborate reply to Carranza's note he refused to withdraw the expedition while chaos continued in northern Mexico. An open rupture seemed inevitable. On June 24 more than 20 American soldiers were killed and 22 taken prisoners in an engagement with Carranza forces at Carrizal. Carranza threw the responsibility upon the American commander who had, despite official warning, advanced further into Mexican territory; but Secretary Lansing described this statement as "a formal avowal of deliberately hostile action," and demanded that the prisoners be forthwith released. Several days later their release was ordered. In this emergency the war department interrupted the training of the militia in mobilization camps and hurried transportation to the border, where 60,000 men were massed by July 10. To external appearance the situation had grown more dangerous. But while a demonstration of force was being made all along the border, the punitive expedition was steadily moving northwards; and in July it was unofficially stated that withdrawal would be complete by the middle of August. Carranza, placated by this substantial concession to his demands, expressed willingness to negotiate with the United States for the removal of the various causes of misunderstanding. On July 10 a conference began at Washington. On the 28th the United States accepted a proposal that a joint commission should be appointed. The effects of this agreement were seen three days later when Carranza soldiers, crossing to the American

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side of the Rio Grande, fought side by side with American soldiers, in repelling a border raid.

OTHER AMERICAN RELATIONS. — The second Pan-American Scientific Congress assembled at Washington on December 27, with more than a thousand delegates from 21 republics. Addressing the congress on January 6, President Wilson declared that the states of America should unite in guaranteeing to each other political independence and territorial integrity.—An important treaty was ratified by the United States Senate on February 18 (the vote being 55 to 18) and by the Congress of **Nicaragua** on April 11. Under its terms the United States possesses a perpetual right to build a canal through Nicaragua and receives naval bases near the terminals of the Panama Canal on Fonseca Bay in the Pacific and on Corn Island in the Caribbean. In return for these concessions the sum of $3,000,000 is paid, its expenditure to be approved by the department of state.—The pending treaty between the United States and **Colombia** was favorably reported to the Senate on February 2, but with amendments which reduced the indemnity to $15,000,000 and made the expression of regret for past misunderstandings mutual.—The treaty with **Haiti** (see last RECORD, p. 711) was ratified by the United States Senate on February 28. It provides for the appointment of an American receiver of customs, an American financial adviser and American officers to organize an armed constabulary. The government of Haiti agrees not to sell or lease territory to any foreign power nor, without the consent of the president of the United States, to increase its debt or modify its customs tariff so as to reduce the revenues derived therefrom. The settlement of foreign claims will be adjusted in a protocol arranged between the contracting parties. Finally the United States "will lend an efficient aid for the preservation of Haitian independence and the maintenance of a government adequate for the protection of life, property and individual liberty." In June Congress passed a law which permits officers and men of the United States marines to be assigned to the constabulary. Early in May Admiral Caperton informed the legislative chambers that he would support Dartiguenave in his controversy with them. —Following the resignation of Jiminez of **Santo Domingo** (see *infra*, p. 39), American marines landed at the capital to ensure the free election of his successor. The persistence of the revolutionary movement necessitated landings at Monte Christe and Puerto Plata on June 1. Admiral Caperton issued a proclamation two weeks later declaring that the United States had no intention of subjugating the country or impairing its sovereignty, but that the marines would remain until order had been restored and necessary reforms effected. In an advance upon Santiago, which was occupied on July 6, three men were killed and 14 wounded. About the same time the revolutionists agreed to disarm and afterwards confer with the Admiral as

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to domestic problems.—In April protests from the Japanese government led to a modification of the Burnett immigration bill (see *infra*, p. 26), the original bill having provided for the exclusion of Japanese subjects.—On July 26 it was announced that a treaty was being negotiated with **Denmark** for the sale of the Danish West Indies, the price being given as $25,000,000.—On October 17 the Brazilian Chamber of Deputies approved by a vote of 103 to 5 the arbitration treaty signed in May, 1915, by the A. B. C. Powers.—In July an arbitration treaty was signed by the Argentine foreign minister and the Spanish minister at Buenos Ayres.—In March, action was brought by Costa Rica against Nicaragua for violating Costa-Rican rights in the canal-route treaty with the United States. The decision of the Central American court of justice, as handed down on May 5, was favorable to Costa Rica.—An unconfirmed report in July announced the formation of a secret alliance against Colombia and Ecuador by Venezuela and Peru, as the result of boundary disputes.—Border raids and alleged mistreatment of Mexicans in Guatemala gave rise to disputes between Mexico and Guatemala during the spring, but in June the Mexican foreign minister announced that all ill-feeling between the two countries had been dissipated and friendly relations resumed.—**Mexican** labor leaders from the state of Yucatan proclaimed their intention in July of touring Latin America in the interest of a proposed Pan-American Federation of Labor, which might very materially contribute to the stabilization of international relations as well as to the welfare of labor.

III. THE UNITED STATES

THE ADMINISTRATION.—The changed attitude of the administration in the matter of **national defence** was evidenced in the recommendations of the navy and war departments. Secretary Daniels urged the expenditure, over a period of five years, of more than $500,000,000, this being about a third of the amount which the general board of the navy considered necessary for a six-years' program. Secretary Garrison recommended an enlargement of the regular army, the creation of a "continental army" 400,000 strong and the expenditure in four years of $80,000,000 on coast defences and $104,000,000 on reserve material. These proposals were fully endorsed by President Wilson in his message of December 7 (see *infra*, p. 23); and in numerous addresses he sought to explain their necessity and to enlist a popular support which would bring pressure to bear upon Congress. Late in January he visited important cities in the Middle West. His language grew more and more emphatic. In Cleveland he declared that the country must prepare "as effectively and promptly as possible," because he could not tell what another day would bring forth. In St. Louis he said: "Speaking with all solemnity, I assure you there is not a day to be lost. . . . This month should not go by without something decisive being done." Upon his return from the west, however, and per-

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haps because of his observations there, the President began to modify his views. When Secretary Garrison announced that he could not accept or acquiesce in the acceptance of the project to drop the official plan and to federalize the National Guard instead ("unjustifiable imperilling of the nation's safety"), the President replied: "I am not yet convinced." Because of disagreement on the military program and on the subject of Philippine independence, Garrison resigned on February 10. Henry S. Breckenridge, the assistant secretary, resigned at the same time. A month later Newton D. Baker, formerly mayor of Cleveland, was appointed secretary of war.—The annual report of the postmaster-general showed decreased revenues of $21,000,000, but departmental economies reduced the deficit to $11,000,000.—For the first ten months of the fiscal year the **income** of the government showed a marked increase over 1915, this including $26,000,000 more derived from the income tax. In spite of the growth of prohibition in the states collections on distilled spirits increased by $10,000,000.—Several important recommendations were made in the annual report of the secretary of **commerce**. In view of the destructive and unfair competition to be expected after the war, he favored, not increased customs duties, but an amendment to the Clayton anti-trust act. This amendment was embodied in a special revenue bill (see *infra*, p. 25). The law should also be modified so as to permit the combination of business firms for the purposes of foreign trade.—During the year 1915 the foreign commerce of the United States showed an excess of exports over imports amounting to $1,772,309,538. During the first nine months of the fiscal year 1916, exports amounted to almost $3,000,000,000, being fifty per cent greater than in any corresponding period.—In January a special board of inquiry at the port of New York refused to admit Mrs. Emmeline Pankhurst, the English suffragist; this decision was overruled by the department of labor on the ground that Mrs. Pankhurst's offences had been political in character (see Record of December, 1913, p. 715). In July Cypriano Castro, former president of Venezuela, was detained at the same port and afterwards allowed to enter (see RECORD of June, 1913, p. 356).—Among the appointments made by the President were the following: Louis D. Brandeis as associate justice of the Supreme Court; John Hessin Clarke as associate justice of the Supreme Court; James Hay as judge of the court of claims; Abram I. Elkus as ambassador to Turkey; David R. Francis as ambassador to Russia; Henry P. Fletcher as ambassador to Mexico; Joseph H. Shea as ambassador to Chile.—The Panama Canal was reopened to general traffic on April 15.

CONGRESS.—The first session of the sixty-fourth Congress opened on December 6. The President's **message**, read before a joint assembly of the houses, laid emphasis upon the necessity of large naval and military increase. It recommended that the regular army be brought to a strength of 142,000 and supplemented by a force of 400,000 "disciplined citizens" raised in increments of 133,000 throughout a period of three years, this

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citizen force to receive for three years an annual training of about two months and to constitute a reserve for three years thereafter. It recommended a comprehensive five-year program which would create a navy "fitted to our needs and worthy of our traditions." Provision should be made in the first year for the construction of two battleships, two battle-cruisers, three scout cruisers, five fleet submarines, twenty-five coast submarines and other vessels. In view of the proposed expenditures on armaments the treasury would face an enormous deficit in 1917. This should be met by extending the emergency revenue bill, maintaining the tax on sugar, and levying new taxes on automobiles, gasoline, bank-checks etc. The President again urged Congress to enact, with some modifications, the ship-purchase bill which had passed the House of Representatives in February (Record of June, 1915, p. 356) and which would help to restore "our commercial independence on the seas"; and the bills reorganizing government in the Philippines and Porto Rico. Referring to the European war, the President held that the government had discharged its manifest duty in standing apart "studiously neutral," and that at the close of the war the self-governing nations of America would be "of infinite service." In their neutrality they had become conscious of a new and more vital community of interest. Among them the Monroe Doctrine was a matter of co-operation and mutual support. Laws were needed to deal with citizens of foreign birth who had made "the gravest threats against our national peace and safety." They had plotted to destroy property, conspired against the neutrality of the government and "sought to pry into every confidential transaction of the government", to serve foreign interests.—In developing the scheme of **army reorganization** the two houses set to work independently. On March 23 the House adopted one measure by a vote of 402 to 2; on April 18 the Senate adopted another measure without the formality of a roll-call. The chief points of difference were that the Senate fixed the strength of the regular army at 250,000, as against 140,000 in the House bill, and provided for a volunteer army consisting of not more than 600 men for each Congressional district and paid at army rates while in training camp. The law of June 3, while making no provision for a volunteer or "continental army," arranged that the government should pay all the expenses of citizens who attend summer training camps. It fixed the maximum peace strength of the regular army at 175,000 (which may be increased by executive order to nearly 220,000) and the term of enlistment at seven years, three with the colors and four in the reserve. The most important feature of the law, however, is the "federalizing" of the national guard and the increasing of its strength to 425,000 men. Henceforth the national guard must conform to the physical qualifications and discipline applied to the regular army, undergo just twice the aggregate period of annual training formerly required and enlist for a period of six years, the last three years being passed in reserve. Officers are to be appointed by examining boards. In order to stimulate recruiting and

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enforce discipline both officers and men will receive federal pay. When authorized by Congress (and Congress gave such authority in June) the President may draft the national guard into federal service in American or foreign territory.—The **naval** bills adopted by the two houses differ widely. The House bill provides for five battle-cruisers. The Senate bill provides for four battleships and four battle-cruisers as the first step in a three-year program which contemplates the building of twenty-six capital ships and many submarines. If the secretary of the navy believes that agreements and understandings deprive the government of free competition in letting contracts, he may build any of these ships in improved navy yards. On July 26 it was announced that the President desired the House to accept the Senate bill.—Under new laws the number of cadets at West Point had been doubled and the number of cadets at Annapolis increased by 540. Money was appropriated to enlarge the facilities of the navy yards at Brooklyn and Mare Island so as to permit the construction of large battleships.—In conformity with the President's wishes Congress extended the life of the emergency **revenue** bill for another year and suspended indefinitely the free-sugar clause of the Underwood tariff. On July 10, by a vote of 240 to 140, the House adopted a special revenue bill. Under its terms the income-tax rates are materially increased; taxes are imposed on inheritances of more than $50,000, on the manufacture of munitions and on imported dye-stuffs; a tariff commission of six members is created; and precautions taken against the sale of foreign articles at less than their market value when the intention is to injure an American industry or to prevent its establishment or to monopolize or restrain commerce in such articles.—For the Philippine bill see *infra*, p. 37.—A law of July authorizes the expenditure, over a period of five years, of $85,000,000 in the construction of good **roads**. This money is to be distributed among the states and spent under adequate engineering supervision.—A law of July 17 establishes a farmers' loan board of five members who will supervise a system of **rural credits** and direct the operations of twelve land-loan banks. Money will be lent at reasonable rates and for long periods under a system of gradual repayment.—In May Congress appropriated $42,000,000 for **river and harbor** improvements. The bill met with opposition in the Senate where a filibuster was maintained for four weeks under the leadership of Senator Kenyon and Senator Husting. The former's substitute proposal reducing the amount to $20,000,000 and giving the secretary of war control over its expenditure on maintenance work was lost by only fourteen votes.—A bill prohibiting the interstate shipment of the products of **child labor** passed the House on February 2, the vote being 337 to 46. In spite of the pressure which the President exerted on the Senate, he could not hasten favorable action by that body. Senators from cotton states condemned the bill as unconstitutional.—The **ship purchase** bill passed the House on May 20 by a vote of 211 to 161, only twelve Republicans supporting it. It provides for a shipping board of seven members who

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have drastic powers to regulate sea transportation by preventing illegal combinations and discriminatory rates. The board is authorized to spend $50,000,000 on the purchase of ships and, if they are not leased and operated by private capital, to form a joint-stock company with the government as principal stockholder. The functions of the board are to cease five years after the close of the European war.—On March 30, by a vote of 308 to 87, the House adopted the Burnett **immigration** bill which imposes a literacy test and other restrictions (such as the increase of the head tax from $4 to $8), these being designed to prevent the influx of undesirable aliens after the war. On July 31 the Senate Democrats decided to postpone action upon the bill.—The House adopted on January 8 a bill which would open non-navigable **water power** sites to private enterprise under fifty-year leases. This bill had the support of Secretary Lane. On the other hand conservationists condemned a bill passed by the Senate on March 8. This provides for the development of water power on navigable streams under fifty-year licenses issued by the secretary of war, the government being permitted to take possession at the end of that period only after making fair allowance for lands, rights and other property.—On December 4 the Senate Democrats, by a vote of 40 to 3, rejected a proposed change in the rule under which the Senate could terminate obstruction after two days of debate. On May 15, by a vote of 42 to 36, the Senate rejected the nomination of George Rublee as a member of the Federal Trade Commission. For its action in the case of Justice Brandeis see *infra*, p. 26.—On June 20 the House of Representatives ordered the sergeant-at-arms to apprehend and bring to the bar of the House on a charge of contempt H. Snowden Marshall, federal district attorney at New York. In a letter to its chairman Mr. Marshall had impugned the motives of a sub-committee which had investigated his official conduct with a view to impeachment proceedings, this investigation having occurred at the instance of Congressman Buchanan whose indictment for conspiracy Mr. Marshall had procured.—For other proceedings in Congress see "The United States and the European War", *supra*, pp. 14–18.

THE FEDERAL JUDICIARY.—On January 2 Joseph Rucker Lamar, associate justice of the Supreme Court, died at the age of 58. President Wilson nominated as his successor Louis D. Brandeis of Massachusetts. This nomination was made on January 28; but such determined opposition developed that confirmation was delayed till June 1. Forty-four Democrats and three Republicans voted in the affirmative; 21 Republicans and one Democrat in the negative.—Charles Evans Hughes, nominated as Republican candidate for the presidency (see *infra*, p. 31), resigned from the court on June 10; and on July 14 John Hessin Clarke of Ohio was nominated to fill the vacancy.—Among the important decisions of the Supreme Court were the following. The provision in the Corporation Tax Act limiting interest deductions to an amount of the indebtedness not exceeding the capital stock is not

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an arbitrary classification denying due process of law under the Fifth Amendment (Anderson v. Forty-Two Broadway Co., 239 U. S. 69). The restrictions on alienation of Choctaw allotments under the act of July 1, 1902, does not violate the Fifth Amendment (Williams v. Johnson, 239 U. S. 414). The Shirley Amendment to the Food and Drug Act is not unconstitutional under the Fifth Amendment for uncertainty (Seven Cases v. United States, 239 U. S. 510). The mere location by the secretary of war of a harbor line does not amount to a taking of property within the line or its appropriation to public use; nor does a taking result from the request of an officer of the United States to a riparian owner to vacate, if such request is neither acceded to nor enforced (Willink v. United States, 240 U. S. 572). The imposition of an inheritance tax by the state in which the donor resided is not unconstitutional as depriving the beneficiaries of their property without due process of law (Bullen v. State of Wisconsin, 240 U. S. 625). The statute of North Dakota requiring lard when not sold in bulk to be put up in pails, is not unconstitutional as depriving the sellers of their property without due process of law (Armour & Co. v. State of North Dakota, 240 U. S. 510). The trading-stamp-license statute of Washington is not unconstitutional under the due-process or equal-protection provision of the Fourteenth Amendment (Pitney v. State of Washington, 240 U. S. 387). A distinction in legislation does not deny equal protection of the laws if any state of facts can be conceived that will sustain it. A classification based on differences between a business using and one not using trading coupons and stamps is not so arbitrary as to deny equal protection of the law (Rast v. Van Deman & Lewis, 240 U. S. 342). An ordinance requiring a railway company to pave with asphalt the space between its tracks and one foot on each side is not a violation of the equal-protection provision of the Fourteenth Amendment (Southern Wisconsin Ry. v. Madison, 240 U. S. 457). The statute of the state of Washington, 1907, concerning trading stamps properly enacted in the exercise of the police power of the state is not unconstitutional under the Federal Constitution as to denying equal protection of the law, or depriving merchants of their property without due process of law (Tanner v. Little, 240 U. S. 369). The statute of Florida requiring every able-bodied man within its jurisdiction to work during each year for six ten-hour days on public roads within the county of his residence, and imposing penalties for wilful failure so to do, is not unconstitutional as contrary to the due-process provision of the Fourteenth Amendment (Butler v. Perry, 240 U. S. 329). The equal protection of the laws is not denied to the owners of property assessed in a supplemental curative proceeding for benefits from the widening of a street (St. Louis & K. C. L. Co. v. Kansas City, 36 S. Ct. Rep. 647). The federal Income Tax Act is not unconstitutional under the due-process provision (Brushaber v. Union Pacific R. R. Co.,

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240 U. S. 1; Dodge v. Brady, 240 U. S. 122). The provisions in the Income Tax Act requiring appeal to the commissioner of internal revenue after payment of taxes and giving right to sue only after his refusal to refund does not violate due process of law (Dodge v. Osborn, 240 U. S. 118).

STATE AFFAIRS.—On January 1 **prohibition** of the sale of liquor became effective in seven states: Arkansas, Colorado, Idaho, Iowa, Oregon, South Carolina, Washington. In Iowa, where prohibition depended not on constitutional amendment but upon an act of the legislature, a test case has been brought before the courts. In South Dakota, on April 19, fourteen towns and cities went dry. State-wide prohibition was defeated in Vermont on March 7. In the Louisiana primaries the gubernatorial candidate favorable to prohibition was defeated.—On November 1 the United States Supreme Court held unconstitutional the Arizona anti-alien law, this law requiring that where more than five persons are employed 80 per cent of them must be qualified electors or citizens. The court did not consider it necessary to examine treaty rights, but based its decision upon the "equal protection of the laws" clause of the fourteenth amendment. Justice McReynolds alone dissented.—A **woman suffrage** amendment was defeated by the voters of Iowa on June 5. In New York the legislature adopted an amendment for submission in the November elections. In Maryland, on February 23, the house rejected a proposed constitutional amendment which the Senate had passed, while in Oklahoma the senate committee shelved a proposed amendment adopted by the house.—On May 25 a **Massachusetts** law went into effect designed to prevent misstatements in advertising. In the same month the legislature passed an income-tax law.—The **Michigan** legislature passed in April a mothers' pension bill providing for a maximum payment of $40 a month. On March 1 the state supreme court upheld the validity of a two-cent railroad fare statute.—In July the **Minnesota** supreme court held that policemen and firemen are employees within the meaning of the workmen's compensation act, their dependents being entitled to recover in case they are killed while performing their duties.—In June a **Mississippi** law went into effect making it illegal to print, post or circulate any kind of liquor advertisements. In April the legislature adopted a constitutional amendment providing for the initiative and referendum.—In February the **New Jersey** supreme court upheld a law requiring the railroads to furnish free transportation to state officials. Before adjourning on March 29 the legislature passed 21 measures over the veto of Governor Fielder; one of these compels the railroads to abolish annually at least one grade crossing for each thirty miles of track.—The **New York** legislature provided that school children over eight should receive compulsory physical training and that out of school all boys between 16 and 19 not regularly employed should receive military training. Warden Osborne of Sing Sing prison was indicted in December on charges of perjury, immorality and mismanagement. His acquittal and reappointment justified the

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general public confidence in his integrity and the suspicion that questionable motives lay behind the proceedings. Governor Whitman removed John B. Riley who as superintendent of prisons had been working at cross-purposes with Mr. Osborne.—In February the **South Carolina** legislature passed a bill forbidding the employment of children under 14 in mines or factories.—On June 5 the attorney-general of **Virginia** asked the United States Supreme Court to issue a writ of execution directing its officers to levy upon the property of West Virginia in order to satisfy the $13,000,000 judgment of the court. (See last RECORD, p. 717.)

MUNICIPAL AFFAIRS.—In the election of April 4, **Chicago** Democrats were successful in twenty-four of the 35 wards, this result reflecting the public attitude toward Mayor Thompson. Shortly before the election all women's civic organizations united in an arraignment of his administration. —Under an ordinance of **Columbus**, Ohio, a 25-cent gas rate became effective on June 12; pending a decision by the public service commission, however, the company continues to charge the old rate, the difference to be refunded in case the ordinance is upheld.—On May 9, **Denver** citizens voted to abolish commission government. Former Mayor Robert W. Speer was elected to his old position.—In June **Duluth** voters adopted a measure closing all saloons from July 1, 1917.—**East Cleveland**, Ohio, adopted the city-manager plan of government on June 6.—Republicans regained control of the **Hartford** city government in the elections of April 4.—Indictments were returned in July against members of the city government of **Haverhill**, Massachusetts, for failure to suppress an unlawful assembly in April, riots having occurred in connection with an anti-Catholic address.—On April 4 a Republican, George H. Edwards, defeated the Democratic mayor of **Kansas City** who was standing for re-election. The acting chief of police and two police commissioners were sent to jail for contempt of court, they having ignored writs of *habeas corpus* issued in the case of electors who had been arrested apparently to prevent their voting. In June specialists were employed to survey the city government in view of the framing of a new charter.—In **Los Angeles** a proposed charter (the third to be submitted in four years) was rejected on June 6 by a vote of 30,839 to 23,562.—On April 4 D. W. Hoan, socialist, was elected mayor of **Milwaukee.**—In **Nashville** indictments were returned in July against three former officials (the comptroller, treasurer and auditor) who were charged with larceny, embezzlement, and receiving stolen and embezzled goods (see last Record, p. 717).—On December 6 Governor Whitman removed Edward E. McCall, chairman of the public service commission in **New York** city, because he had retained ownership of stock in a corporation subject to his supervision. Various irregularities in the conduct of other commissioners were revealed by a public inquiry. Revelations of police corruption led in July to the indictment of five members of the force on the charge of extortion. These men were accused of collecting money from disorderly houses and promising protection in return. Later in the

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month the district attorney indicated that his investigation would go further and establish an illicit connection between the police and gambling resorts. An epidemic of infantile paralysis had, by the end of July, resulted in 841 deaths, the cases numbering 3964. The proposal to erect a garbage-disposal plant on Staten Island aroused local resistance, residents not only appealing to the governor and the courts, but resorting to violence as well. Investigation of charitable institutions maintained by religious bodies, but subsidized by the city, exposed many instances of mismanagement and neglect. This exposure irritated Roman Catholics. On May 23 Mayor Mitchel, himself a Catholic, declared publicly that several priests had conspired to wreck his administration and defeat the ends of justice. He laid before the district attorney evidence which appeared to show that perjury and other crimes had been committed by the priests.—In June the city manager of **Newburg**, New York, was removed on the charge of inefficiency and incompetence.—In **St. Louis** a strike of garbage collectors lasted six weeks in the month of June. Because of the menace to health the city gave way, procuring legislation which increased the pay of the men from $50 to $65 a month.—On July 22 six persons were killed and some 40 injured by the explosion of a bomb in **San Francisco** while a preparedness parade was passing.—On March 16 a court decision upheld an ordinance reducing by five per cent the price of gas in **Springfield**, Illinois.—The mayor of **Toledo** was indicted on December 28 on the charge of accepting a bribe.

THE NATIONAL PARTY CONVENTIONS.—The pre-convention campaign within the Republican and Democratic parties lacked the elements of excitement and bitterness which had been so marked in 1912. The **Democrats** had only one candidate. In spite of the specific one-term declaration of 1912, not a voice was raised against the renomination of President Wilson. When the Democratic convention met at St. Louis on June 14, therefore, he was renominated by acclamation, as was also Vice-President Marshall. No sign of cleavage appeared in the convention. Mr. Bryan, who, though not a delegate, was invited to address the gathering, gave unstinted praise to President Wilson and his followers in Congress.—The peculiar circumstances of the **Republican** party, on the other hand, brought forward many candidates. Most of these were favorite sons: Brumbaugh of Pennsylvania; Benton of Ohio; Cummins of Iowa; DuPont of Delaware; Fairbanks of Indiana; LaFollette of Wisconsin; Sherman of Illinois; Weeks of Massachusetts. Three others, Elihu Root, Theodore Roosevelt and Justice Hughes, had a nation-wide following. In making its choice the party had to consider above everything else the necessity of repairing the damage of 1912 by fixing upon a man whom the Progressives would support. The latter desired fusion; they arranged to have their convention meet at the same time and place as the Republican convention, that is, at Chicago on June 7; and they hoped to have Roosevelt accepted by the Republicans. Although Mr. Roosevelt would not fight for the nomination,

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he made it plain that he desired to lead a reunited party on a platform which would emphasize "Americanism" and "preparedness." In a series of notable speeches delivered in the Middle West he denounced German-American intrigues and the supine attitude of the administration towards Germany and Mexico. He dictated, in fact, the questions which were to figure most prominently in the presidential campaign. Mr. Root, addressing the New York state convention, showed himself fully in accord with these views. He and other eminent Republicans became reconciled to their former chief. Alarmed by the rapid growth of Roosevelt sentiment, certain "Old Guard" leaders now turned to Justice Hughes, who had taken no part in the controversies of 1912 and who had been a progressive governor; and although Hughes refused to make any pronouncement on political issues while a member of the Supreme Court and, like Root and Roosevelt, would not permit his name to be used in the primaries, his strength with the party steadily increased. Striking evidence of his popularity was given in Vermont and Oregon, the two states in which his name appeared upon the ballot. Until the convention met on June 7, however, there was no means of predicting accurately the outcome. Under new rules the convention included 985 delegates; each state was entitled to four delegates at large, one for each Congressional district and an additional delegate for each district where the Republicans had cast more than 7500 votes in 1908, the representation of the South being thereby considerably reduced. On the first ballot Hughes received 253 votes, Weeks 105, Root 103, Cummins 85, Burton 77, Fairbanks 74, Sherman 66, Roosevelt 65; on the second ballot Hughes received 328; on the third 949 and the nomination. On the same day, June 10, Charles W. Fairbanks was nominated for the vice-presidency. Justice Hughes, resigning immediately from the Supreme Court, accepted the nomination in a brief statement which assailed "the weak and vacillating course which has been taken with regard to Mexico." In his formal speech of acceptance delivered in New York on July 1, he criticised with the same severity the weak position taken in the controversies with European powers; but care seems to have been taken to give no offence to German-Americans. Shortly afterwards he declared himself favorable to the establishment of woman suffrage by an amendment to the national constitution.—Meanwhile the **Progressives** had assembled in great enthusiasm prepared to nominate Roosevelt by acclamation and to confront the Republicans with the alternative of accepting him or courting defeat. The party managers, who from the first had looked forward to an accommodation with the Republicans, had difficulty in preventing immediate action. A joint committee, appointed by the two conventions, conferred for two days; but since the Republicans believed that Roosevelt would not run on a third ticket and that the Progressives would finally accept Hughes, they refused to make concessions. The Progressives, seeing no hope of compromise, proceeded to nominate Roosevelt for the presidency and John M. Parker of Louisiana for the vice-presidency;

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but when the former declined the nomination, the national committee, on June 26, endorsed Hughes. By some party leaders this action was denounced as a betrayal. State organizations fell to pieces in angry disagreement. On July 29 the dissatisfied faction determined to hold a conference at Chicago and consider their future line of action. It seemed probable that a considerable number of Progressives would support the Democratic ticket.—In March the Socialist party nominated Allan L. Benson; in May the Socialist Labor party nominated Arthur E. Reimer; in June the Prohibition party nominated J. Frank Hanly; in July the New American party nominated William Sulzer.—A National Women's Party, organized in June, held a conference in Colorado Springs on August 10 and determined the course it would pursue during the campaign.

THE PARTY PLATFORMS.—Foreign relations and the protection of American rights naturally assumed a prominent place in both Democratic and Republican platforms. The latter, asserting that the Administration had "destroyed our influence abroad and humiliated us in our own eyes," demanded "a firm, consistent and courageous foreign policy" in place of shifty expedients and phrase-making. It condemned in scathing terms the failure "to discharge the duty of this country" in Mexico; the Republicans would give to citizens in Mexico and on the border "adequate and absolute protection in their lives, liberty and property." To maintain peace and the security of the people there must be a "sufficient and effective" regular army, a "drilled and disciplined" reserve, and a navy "so thoroughly ready and prepared that no enemy can gain command of the sea." The Democratic platform approved the President's Mexican policy and held that intervention should be undertaken as a last resort if at all. It declared that American citizens should be protected in their rights not only at home but abroad. To ensure "absolute freedom of life and policy" there must be "a fully adequate army," an "adequate reserve of citizens trained to arms," "the fullest development of sea-coast defense," and a navy equal to "the tasks which the United States hopes and expects to take part in performing." Strangely enough, while the Democrats denounced the conspiracies which had been formed in the interest of foreign governments, the Republicans remained silent on that point. Neither party showed any disposition to discuss European complications in a way which would alienate the German-American vote.—On the tariff the difference between the two parties was better defined, both holding to their traditional policies, although the Democrats admitted that "tariff rates are necessarily subject to change to meet changing conditions" and the Republicans would take measures to prevent "undue exactions" by monopolies or trusts. Both favored the appointment of a permanent tariff commission.—In regard to the Philippines the cleavage was equally emphatic, the Democrats endorsing the Jones bill (see *infra*, p. 37) and the Republicans insisting that "to leave our task half done would break our pledges, impair our prestige among nations and imperil what has already been accom-

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plished."—Both favored the development of a merchant marine, the Democrats praising the administration bill then before Congress (see *supra*, p. 25) and the Republicans condemning it and demanding subsidies to private owners.—Both recognized the necessity of budget reform. The Democrats would have all appropriation bills controlled by a single committee of the House, the Republicans would follow the recommendations of President Taft. Both expressed approval of woman suffrage, but agreed that the matter should be left to state action.—In regard to conservation and labor legislation there was also substantial agreement, the Democrats, however, being more explicit. One recommendation of the Republican platform deserves particular emphasis: in view of the fact that interstate and intrastate transportation have become so interwoven, exclusive control of it should be given to the federal government by legislation or by constitutional amendment. The Democratic platform also touched on certain subjects which were ignored by the Republicans. It advocated retirement pensions for federal employees; such federal control of the Mississippi River as would prevent the recurrence of disastrous floods; and a reform of the rules of procedure in the Senate, this evidently implying restriction of the freedom of debate.

THE TRUST PROBLEM AND THE RAILROADS.—The government suit against eleven former directors of the New York, New Haven and Hartford railroad for conspiring to monopolize New England transportation facilities continued from October 13 to January 10. The jury acquitted six of them and disagreed in the cases of the remaining five, who will be placed on trial again. The government asked for the dismissal of indictments found against six other directors who were to have been tried separately, the reason being that they became connected with the railroad subsequently to the commission of certain acts condemned by the government. On June 24, after three years and four months of litigation, the federal district court at New York ordered the dissolution of the Corn Products Refining Company as a combination in restraint of trade. The plan for dissolution will be framed by the federal trade commission and submitted to the court for approval.—The federal district court at Baltimore, on February 22, while refusing to order the dissolution of the American Can Company, decided to retain the bill filed against it and thus facilitate action by the government in case of any future abuses. The court held that the company "had its origin in unlawful acts and thereby acquired a power which may be harmful and the acquisition of which in any event was contrary to the policy of Congress as embodied in the statute," but that "it for some time past has used that power on the whole rather for weal than for woe." On April 21 the United States circuit court of appeals, sitting at Chicago, found that the Quaker Oats Company had formed no combination or conspiracy in restraint of trade.—On March 16 the Lehigh Coal and Navigation Company was convicted on 27 counts of soliciting and receiving rebates from the Central Railroad of New Jersey.—On December 11 the

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Interstate Commerce Commission allowed increases of railroad passenger rates in eleven western states. The commission ruled, in July, that the New York Telephone Company was justified in charging a higher rate for a long-distance call than the aggregate of two local calls covering the same distance. It declined to express an opinion on the right of the company to withhold service from a subscriber who had declined to pay the higher charge.

LABOR AND CAPITAL. — Labor agitations which had been so numerous and so successful in 1915 (see last RECORD, p. 720) continued during the first half of the next year. Conditions remained as they had been: the pressure of higher living expenses and the desire to share in a prosperity created by the war. In the first two months of the year more than a million workers demanded an eight-hour day and higher wages. The **eight-hour day** was given particular prominence by the American Federation of Labor. "We recommend," ran one of its circulars, "that all wage-earners unite and make common cause for the attainment of this economic, social, political and moral boon at the earliest possible day." Corporations in all parts of the country granted **wage increases** without waiting for compulsion to be applied. The increase usually amounted to ten per cent, as in the case of the cotton mills and the steel mills, the copper mines and shipyards. The United States Steel Corporation granted two ten-per-cent increases, the first on February 1, the second on May 1. Strikes were numerous, however, especially where shorter hours were concerned.—The **coal miners** were the largest group of laborers to formulate new demands. On January 28 the convention of the United Mine Workers of America, at Indianapolis, resolved to urge large wage increases (20 per cent in some cases) in the bituminous mines and to support the anthracite miners in their demand of an eight-hour day, a twenty-per-cent increase of wages, and full recognition of the union. Anthracite operators, after protracted conferences with the men, agreed in May to concede the eight-hour day and wage increases running from seven to fifteen per cent, but they refused to establish the closed shop or the checking system by which union dues would be taken out of the pay envelopes. This agreement, which affects 176,000 men, will last for four years. On March 8, after conferences which covered a period of four weeks, an agreement was reached between the operators and 200,000 workers in the bituminous fields. Fifty thousand men in the Pittsburgh district, however, finding that in practice their condition had not been improved, repudiated the agreement and went on strike toward the end of May.—In February 350,000 railroad **trainmen** engaged in the freight service demanded higher pay for overtime and an eight-hour day, a hundred-mile run to be regarded as equivalent to an eight-hour day if it should take a shorter time. Conferences between the managers and representatives of the four brotherhoods concerned began in New York on June 1. Two weeks later they terminated without any settlement being reached. Labor leaders, refusing the

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offer to submit the issue to arbitration before the Interstate Commerce Commission or under the Newlands Act, decided to ask for authority to declare a strike and afterwards to renew negotiations. The case for the railroads was laid before the public in advertisements in the newspapers of the country. In April and May small strikes of trackmen and freight-handlers occurred on several railroads. A more serious situation was developed by the threatened strike of 5000 telegraphers and signalmen of the New York Central and the Nickel Plate roads. They demanded recognition of the union, a ten-hour day, an advance of 12 to 15 per cent in pay and an annual vacation of two weeks. Through the efforts of the federal department of labor both sides agreed to arbitration; and, on July 7, hearings began in New York before a board of three members.—**Steamship lines** were also affected by the unrest of labor. Early in May, because of a strike of tugboat engineers, firemen and deckhands, more than 40 steamers were unable to enter New York harbor to discharge their cargoes. Somewhat later a strike of longshoremen hampered the movement of freight. In April the Atlantic division of the International Seamen's Union set up a new scale of wages, amounting in the case of ordinary seamen to 50 per cent and including also an additional 25 per cent on vessels entering the war zone. Several steamers delayed their sailing in view of these demands. On the liner "Brazos," bound from New York to Porto Rico, the crew, after signing articles, enforced payment of the new scale of wages by mutiny; the owners, in order to avoid delay in the delivery of the mails, gave way.—On July 23, 600 motormen and conductors employed on **street car** lines in towns lying just north of New York City struck for a minimum wage of 30 cents an hour. Their main object, however, seemed to be full and complete recognition of the union. It soon became evident that the international union intended to carry the fight into the city itself. The Third Avenue Railway, parent of the companies already concerned in the strike and one of the chief surface lines in the city, was forced to discontinue its service on July 30. Serious rioting occurred whenever strike-breakers attempted to run the cars. Construction work on the New York subways was partially interrupted, on April 3, by a strike of several thousand lumbermen and laborers who demanded substantial increase of wages and recognition of the union. Blasters, tool sharpeners, and blacksmiths also left work. An agreement was reached on April 18 through the mediation of Oscar S. Straus, chairman of the public service commission, the men receiving a small increase in wages and recognition of the union. At the close of June a strike occurred on the motor-bus lines operating in New York. A wage increase of 10 to 20 per cent being granted, the men gradually returned to work. A strike of street railway employees in Pittsburgh terminated on May 2 with a compromise agreement under which the men secured a moderate wage increase. In November the state constabulary were called to Wilkes-Barre, Pennsylvania, to check disorder growing out of a strike of car men. The strike continued in spite of local efforts to

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bring about a settlement. On March 26, cars were wrecked and a number of persons injured in rioting at the various points along the company's lines. In Trenton, Newark and Orange, New Jersey, ineffective strikes occurred on street railway lines during the month of March. Failure also resulted at Memphis in July. A car strike in Portland, Maine, began in July, the men demanding the reinstatement of certain employees and full recognition of the union.—On April 29 a great strike of **garment workers** in New York city began when the manufacturers locked out 30,000 workers and the cloakmakers' union ordered 30,000 others employed in so-called "independent shops" to leave their work and thus prevent the manufacturers from receiving supplies. The latter were accused, by disinterested citizens and by the newspapers, of breaking an agreement which had still a year to run (see last RECORD, p. 720). They retorted that the union had already broken the agreement and had laid plans for a strike in July. But public opinion was most definitely on the side of the workers. A committee of distinguished citizens collected funds to relieve the suffering strikers whose allowance from the union was insufficient to maintain them and their dependents. Late in July a tentative agreement was arranged, but as this contained no provision for the arbitration of disputes, the strikers refused finally to accept it.—Late in April 14,000 men employed by the Westinghouse plant at East Pittsburgh struck after demanding an eight-hour day, a wage increase and the reinstatement of two dismissed men. On April 30 the strikers forcibly entered the steel mills at Rankin and Braddock and forced the workers to leave. In the rioting which followed a May-Day parade of strikers, two persons were killed and many injured. The state militia then took charge of the disturbed zone. Shortly, after the company had finally rejected all demands, the men returned to work in order not to forfeit the benefits accruing under the company's departments of relief and pensions. Severe rioting also marked strikes at Ansonia, Connecticut, in February, and Hastings, New York, in April. Wild disorder prevailed in East Youngstown, Ohio, on January 7 when several thousand strikers burned the business section of the city and attacked the police. Three persons were killed, about a hundred injured. The property damage was estimated at $1,500,000. Order was restored by the militia. Indictments were found against 26 strikers.

THE RACE PROBLEM AND LYNCHING.—According to statistics compiled by the Tuskegee Institute 25 persons (two of them whites) were lynched in the United States during the first six months of 1916, as compared with 34 during the same period of 1915. In the latter year 74 persons were lynched, one-third of them in the state of Georgia. In about 20 per cent of the cases the negroes were charged with offences against white women; in about 30 per cent with murder. In four cases innocence was afterwards established. Although public opinion began to show serious concern over the frequency of such lawless acts, Georgia has remained the chief offender. At the close of the year, nine negroes were killed in Early

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county as the result of the murder of a plantation manager and the supposed complicity of negro lodges. Three weeks later five negroes, suspected of being concerned in the murder of a sheriff, were taken from the Worth county jail. The coroner's jury brought in a verdict of "death by strangulation and gunshot wounds at the hands of unknown parties." Another negro was taken from jail and lynched at Cartersville, on February 25, for assaulting a white woman. Other lynchings occurred at Bonifay, Florida, on April 16, and at Waco, Texas, on May 15. In the latter case, where the offender had been convicted of assaulting and then murdering a white woman, 15,000 people watched him being burned to death on the public square. Prompt action by the authorities prevented the capture of accused negroes at Muskogee, Oklahoma, on December 26, and at Topeka, Kansas, on April 26.—In June damages were awarded to a negress in Philadelphia and to a negro in Nyack, New York, for exclusion from theatres.—On February 29 the voters of St. Louis approved ordinances which compelled the segregation of negroes. These ordinances provided that no negro could settle in a city block where the population was white or 75 per cent white.

THE DEPENDENCIES.—In January a new bill regulating the government of the **Philippines** and resembling in many respects the Jones Bill of 1914 (see Record of June, 1915, p. 364) was debated in the United States Senate. Discussion centered about the question of independence, a question which had received much attention outside Congress. On February 2 Senator Clarke offered an amendment providing that full independence should be granted in two or four years according to the discretion of the President. This amendment was carried by the casting vote of the Vice-President. Two days later the Senate adopted the bill by a vote of 52 to 24, five progressive Republicans (Borah, Kenyon, LaFollette, Norris and Works) joining with the Democrats. The Clarke amendment was described by Secretary Garrison, in his letter of resignation (see *supra*, p. 23), as "an abandonment of the duty of the nation and a breach of trust toward the Filipinos." In the House, 30 Democrats, half of them from New York, refused to be bound by the caucus. The Republicans, with their assistance, defeated the bill on May 1. The vote was 213 to 165. The House then substituted the Jones bill and instructed its conferees not to give ground on the Clarke amendment.—It was announced in November that General C. L. Riggs had resigned as a member of the Philippine commission and secretary of commerce and police, his resignation being due to disagreements with the governor-general. The legislature adjourned on February 5 after enacting several important measures: these provided for an inheritance tax, an insular bank with a capital of $10,000,000, the purchase of the Manila railroad for $4,000,000, and a pension scheme. American employees of the government who file requests before July 31 are entitled to a retirement pension, the pension amounting to 60 per cent of the salary in case of six years' service and full salary in case of ten

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years' service. For the calendar year 1915 imports aggregated $49,312,184 (53 per cent from the United States); the exports, $53,813,004 (44 per cent to the United States). Exports of cigars continued to show a decline.—The United States House of Representatives passed on May 23 a bill reconstituting the government of **Porto Rico** and conferring United States citizenship on native male residents. The president of the local federation of labor protested to American labor leaders against the brutality of the police in dealing with recent strikes.

IV. LATIN AMERICA

Mexico.—At the time of his recognition by the United States and eight Latin-American States, October 19, Carranza controlled the greater part of central and southern Mexico, 75 per cent of the entire republic, according to Secretary Lansing. In the north, however, the states of Sonora and Chihuahua and parts of Sinaloa, Durango, and Coahuila remained to be conquered from Villa. Lower California was "neutral." And Mexico City lived in terror of the bandit land-reformer Zapata, who was still at large in Morelos and the Federal District. Owing to the American embargo on the shipment of arms to his antagonists, the *de-facto* president was able in October to subdue three of Zapata's "generals." In the campaign against Villa, five thousand Carranza troops were allowed to pass through American territory to Douglas, Arizona, where they recrossed the frontier and defeated the Villista forces at Agua Prieta, November 2. On November 22 a Carranza army captured Cananea in the northern part of Sonora, while another column inflicted a loss of two thousand men upon a Villa army at Hermosillo, 130 miles to the southwest. These victories, and the partial reëstablishment of law, order, and business in Mexico City, induced Cuba, Great Britain, Spain, and subsequently most of the European nations to follow the American example in recognizing the Carranza government. Diplomatic relations with the United States were placed upon a firmer basis by the appointment of Henry Prather Fletcher as American ambassador to Mexico, in December, and of Eliseo Arredondo as Mexican ambassador-designate to the United States. Carranza's diplomatic representative in Europe was Juan Sanchez Azcona, a prominent Liberal journalist, appointed March 1.—The need for a stable government was well attested by the report of the National Railways for the fiscal year ending June 30, 1914, tardily issued in November, 1915. The gross earnings had declined from $57,370,282 in 1912–1913 to $34,273,341 in 1913–1914; the net profit of $21,345,613 for 1912–1913 had become a deficit of $5,315,029 in 1913–1914. The disorders attendant upon the Constitutionalist Revolution had impoverished not only the railways. The rich mines in northern Mexico stood ruinously idle. In many regions of the war-wasted country, agriculture and animal husbandry had been paralyzed by bandit-soldiery. Indescribable suffering from starvation and typhus were endured by the poorer classes. Carranza's fair promises to protect

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life and property and to hold constitutional elections seemed impossible of fulfilment. His program of land reform was postponed. His pledge to uphold religious liberty was set at naught by a few fanatics among his followers, who in several states persecuted or exiled the clergy, confiscated church property, and forbade the free exercise of religion.—In January it clearly appeared that Francisco Villa, Carranza's former associate and now his principal enemy, had perceived the futility of waging a hopeless civil war against the *de-facto* government and, in order to avoid certain capture by Carranza, determined to provoke American intervention. Villa had little to lose; in event of an American invasion he might conceivably pose as a national hero; at any rate, he would embarrass Carranza. Wanton attacks on American citizens would be the most obvious means to this end. On January 10 a Villa band seized sixteen Americans and one Canadian from a railway train near Santa Ysobel, and shot them in cold blood. The Americans were identified with mining interests in Chihuahua. The United States government at once demanded punishment of the bandits. Carranza replied by pronouncing Villa, Castro, and Lopez outlaws and by promising energetic action; but unfortunately the outlaws eluded pursuit. Other Villista leaders, however, "Generals" Jose Rodriguez and Almeida, Colonel Miguel Baca-Valles, Bernardo Duran, and Federico Duran, were apprehended and promptly executed. Villa's second conspicuous attempt to provoke American intervention was the raid on Columbus, March 9. This time his purpose was fulfilled, at least in part. The invasion of Mexico by an American punitive expedition speedily led to bickerings, then to bloodshed, between the Americans and Carranza. (For particulars, see *supra*, p. 20.) Instead of winning national acclaim as the defender of Mexico, however, Villa himself was defeated and his "army" dispersed. He was reported wounded, March 26, and, later, dead; certainly he disappeared from public view during April and May; but in June he reappeared, alive but crippled, if confidence may be placed in cumulative rumors. In July, Villista forces manifested new vigor in operations on the border between Chihuahua and Durango; defeating a small Carranza troop at Corralitos, they advanced to the conquest of Jiminez and Parral; toward the end of the month, however, the Carranza commander in Chihuahua reported that Villa had been repulsed at Parral and was being hotly pursued by three cavalry columns.—While the Carranza government was preoccupied with the campaign in northern Mexico, a new rebellion was reported to have been instigated in southern Mexico by a filibustering expedition under the leadership of the seasoned revolutionist General Felix Diaz, nephew of the ex-dictator, but satisfactory confirmation of this report is lacking. Victoriano Huerta, former president and dictator, died at El Paso, Texas, on January 13, as a prisoner of the United States.

THE CARIBBEAN AND CENTRAL AMERICAN STATES.—President Isidoro Jimenez, placed in power by an election under American supervision in 1914, and never in harmony with the national congress of

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the **Dominican Republic**, was impeached early in May, 1916, in consequence of budget disputes; he abdicated on May 7. In the midst of ensuing revolutionary disturbances, some two thousand American marines were landed on the island. After two months of recurrent skirmishes, the congressional leader General Arias laid down his arms, in the expectation that a constabulary would be established under American control. As Jimenez's successor, Federico Henriquez Carvajal was elected by congress and proclaimed provisional president, July 26.—Circumstantial reports of revolutionary movements in **Guatemala** were firmly denied by President Manuel Estrada Cabrera, who was reëlected for a term expiring March 31, 1923.—During October and November all armed resistance was crushed and the pacification of **Haiti** completed by American naval forces. The Haitian Chamber of Deputies by a vote of 75 to 6 on October 7, and the Senate by a vote of 22 to 12 on November 12, ratified the treaty making the republic in effect a protectorate of the United States. Friendly relations with France were restored in November by the formal apology of President Dartiguenave for the invasion of the French legation (last RECORD, p. 724). In May a crisis was precipitated by the refusal of the senators and deputies to surrender their legislative authority at the bidding of President Dartiguenave, and to meet simply as a constituent assembly for the purpose of drafting a constitution in conformity with the protectorate. President Dartiguenave's decree dissolving the Senate was approved and upheld by U. S. Rear-Admiral Caperton. In the midst of the controversy, the cabinet resigned, May 5. MM. Borno, Audain, and Dorneval consented to retain their portfolios, respectively, of foreign affairs, public instruction, and justice; and on May 10 MM. Herraux and Vieux were appointed to preside over the departments of finance and interior.—On October 24 Dr. Francisco Bertrand and señor Alberto Membreño were elected president and vice-president, respectively, of the republic of **Honduras**, for the period 1916-1920.—Presidential elections in **Panama**, July 9, resulted in the choice of señor Ramón Valdes, without serious opposition; the disgruntled Conservative party alleged that the electoral census had been improperly manipulated.

SOUTH AMERICA.—In the preliminary stage of the presidential election in **Argentina**, on April 2, the Radical party carried the day with 340,367 popular votes as compared with the 150,268 of the Conservatives; 120,566 of the Progressive Democrats; 66,200 of the Socialists; and 28,096 of the Dissident Radicals. This result was the more significant since these were the first general elections held under the new law, with secret obligatory vote, *scrutin de liste*, and minority representation. The electoral colleges, convening on June 12, designated the Radical candidate, señor Hipólito Irigoyen (by a majority of 152 in a total of 298 votes cast) as president of the republic for the term October 12, 1916–1922. The vice-president-elect was señor Pelagio Luna. In opening the congress, about June 1, the president referred with gratification to the internal tranquillity and external peace of the nation; he lamented, however, the diminution of immigration and

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the deleterious economic effects of the European War.—A new **Bolivian** cabinet was appointed with señor Victor E. Sanjinés as minister of foreign relations; Arturo Molino Campero, minister of *fomento;* José Gutiérrez Guerra, finance; Ismael Vasquez, justice; Luis Salinas Vega, public instruction and agriculture; and General Fermín Prudencio, war and colonization.—The federal congress of **Brazil** was opened on May 3; President Braz commented on the economies necessitated by the war crisis and outlined governmental measures to redress the unfavorable economic situation. —A grave ministerial crisis was occasioned in **Chile** by the demand for a coalition "national ministry." On a vote of confidence, November 2, the cabinet was supported by 37 members, but 27 abstentions indicated the strength of the opposition. Owing to disagreement between the upper and lower chambers of the legislature, the formation of a new cabinet was postponed and the crisis prolonged. At length, on December 15, one week before the expiration of President Luco's term, a new Liberal cabinet was organized by the chief magistrate's personal friends, señores Guillermo Jara, Rafael Orrego, Manuel García de la Huerta, Domingo Solar, Captain Guillermo Soublette, and Pedro Iñíguez. On December 23 señor Barros Luco formally transmitted his powers to señor Juan Luís San Fuentes, elected in May as president of the republic. A new cabinet was at once installed, comprising, as premier and minister of the interior, Elías Balmaceda; foreign affairs, Ramón Subercaseaux; finance, Ramón Santelices; justice, Agusto Orrego Luco; war, General Salvador Vergara; industry, Roberto Guzmán Montt. On December 31, however, the new cabinet was compelled to resign, in consequence of an adverse vote in the senate. At last the desire for a coalition cabinet was gratified. On January 12 señor Ibáñez formed the new cabinet, as follows: premier and interior, Maximiliano Ibáñez (Liberal); foreign affairs, Ramón Subercaseaux (Conservative); public instruction and justice, Roberto Sánchez (Democratic Liberal); finance, Armando Quesada (Radical); war, Cornelio Saavedra ("nacional"); industry and public works, Angel Guarello (Democrat). Chilean economic and financial conditions began in a measure to recover from the derangement caused by the war's interference with the staple industry, nitrate exportation.—A turbulent presidential election in **Ecuador**, in January, resulted in the choice of señor Alfredo B. Moreno, a former foreign minister and ex-vice-president, as president of the republic. An eight-hour-day law was promulgated, providing for 25 per cent or more extra pay for overtime, 15 days' annual vacation, and 60 days' sick leave with pay.—The constitutional amendment granting religious liberty in **Peru** was promulgated by the congress notwithstanding the president's non-approval.—A consular report of November 23 confirmed the report that **Uruguay** had enacted a legal maximum of eight hours *per diem* for laborers. An old-age pension bill was approved in congress. On November 21 señor Juan Carlos Blanco, minister of public works, was designated minister of Uruguay to France; his cabinet portfolio was taken by señor Santiago Rivas.

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V. THE BRITISH EMPIRE.

THE UNITED KINGDOM.—The coalition cabinet formed by Mr. Asquith in May, 1915, lacked the unity of purpose and vigor of action requisite to command the complete confidence of the nation. On October 18 Sir Edward Carson had resigned the post of attorney-general and offered trenchant criticism of the government's feeble Balkan policy and timorous recruiting schemes. He was succeeded by Mr. F. E. Smith, November 2. In November, Lord Kitchener's trip to the Near East gave rise to rumors that the war minister had been retired. A few days later, November 11, Mr. Winston Spencer Churchill resigned his ministerial post as chancellor of the duchy of Lancaster and was succeeded by Mr. Herbert Samuel, November 25. The immediate cause of his resignation was the creation of an inner cabinet or war council, November 11, comprising the premier, the first lord of the admiralty, the minister of munitions, the colonial secretary, the chancellor of the exchequer, and, upon his return, Lord Kitchener. After delivering a brilliant valedictory in the Commons, Mr. Churchill left London for active service in the front, but he remained a caustic critic of the cabinet.—In reply to its critics, the coalition ministry could point to one notable achievement. The **munitions** problem, which had loomed so large during the first year of the war, had at last been well-nigh vanquished by Mr. Lloyd George's energetic work. On November 4 he reported that since the first order of July 12, some 1349 munitions plants had been declared as "controlled establishments" with limited profits and government supervision; by November 8 there were 1679 such factories; by December 6 there were 2026. The expansion of the industry continued, until in July there were 4000 "controlled" firms, employing about 660,000 women and almost 3,000,000 men, supplying the Allied offensive with munitions.—In dealing with the more serious problem of **recruiting**, however, the Asquith ministry was both irresolute and disunited. The need of men was desperate. By January 9 more than half a million casualties had depleted the British ranks; the Dardanelles campaign and the Serbian expedition had been foredoomed to disastrous failure by sheer lack of effectives. A nation-wide recruiting campaign conducted by Lord Derby, October 2–December 15, brought out three million volunteers, but for immediate service only 215,431 at once enlisted and 343,386 single "attested" men were really available. On January 5, therefore, Mr. Asquith introduced a Compulsion Bill, affecting all bachelors and childless widowers between the ages of 18 and 41. Ireland was excluded. The Bill was strongly opposed by Laborites, Irish Nationalists, and a few unbending Liberals. Sir John Simon of the latter type, and Mr. Henderson, a Laborite, resigned from the cabinet. Against the first reading, 107 negative votes were cast and 150 absences recorded. Promises that the bill would not lead to industrial conscription and permanent militarism induced Mr. Henderson to reconsider his resignation, however, and the Laborite opposition collapsed on second reading (January 12) and third reading (January 24). The bill then received royal

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assent and was promulgated as the Military Service Act (5 & 6 George V, c. 104) to be effective February 10.—The **1914 session** of Parliament, prolonged throughout 1915 and 1916, terminated on January 27, 1916. For constitutional significance, one of the chief measures of the session was the **Parliament and Registration Act**, 1916 (5 & 6 George V, c. 100) which amended the Parliament Act, 1911, extending the life of the present Parliament by eight months with the provision that for Parliament Act Bills already passed once or twice by the Commons (notably the Plural Voting Bill) the session ending in September 1914 and the forthcoming session or sessions should be counted as successive.—The **1916 session** of Parliament, opened by Royal Commission on February 15, passed still further votes of credit (120 millions and 300 millions on February 21; 300 millions on May 23; 450 millions in July; total since the outbreak of war, £2,832,000,000); listened to a notable discussion of peace terms by the pacifists Snowden and Trevelyan and by the Premier, February 23; authorized an army of 4,000,000 men; approved a nine-billion-dollar budget in April; supported the coalition cabinet amidst frequent gusts of criticism; adopted universal conscription; and took under consideration a very important Irish Home Rule compromise.—The financial drain of the war told heavily even upon the colossal wealth of Great Britain. Mr. McKenna's **budget** statement of April 4 showed an expenditure of £1,559,158,000 for the financial year 1915–1916, with a deficit of £1,222,391,000, representing loans. The national debt, less than £800,000,000 before the war, now exceeded £2,000,000,000. For the coming year, 1916–1917, Mr. McKenna contemplated an expenditure of £1,825,380,000, a revenue of £499,275,000, and a deficit of £1,326,105,000. Of the revenue, existing taxes would yield £426,325,000; new and increased taxes, £72,950,000. The excess (war) profits duty would be continued and raised from 50 per cent to 60 per cent for the second year; the normal rate of the income-tax would be 5s instead of 3s. 6d. in the pound on unearned incomes over £2500.—Public finance was only one of the important **economic problems** arising from the war. The Board of Trade *Labour Gazette* in January, reviewing the year 1915, recorded a growing shortage of male labor, a marked increase in wages, and the dilution of skilled by unskilled and female labor. To protect skilled labor, a coalition commanding about 2,000,000 workingmen was formed on December 9 by the Miners' Federation, the National Union of Railwaymen, and the National Transport Workers' Union. In June a Trade Union Congress declared that prices had increased 59 per cent and urged government regulation of prices, government ownership of all merchant shipping, a 50 per cent increase of old-age pensions, and augmentation of taxes on large incomes. Another economic problem was the depletion of mercantile tonnage. Earl Curzon asserted in May that over 43 per cent of Britain's merchant vessels had been requisitioned by the government for war purposes; about 14 per cent were employed in behalf of Allied governments; and only 43 per cent were left for

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ordinary commerce. Hence it was necessary to reduce the volume of trade. Proclamations were published in the *London Gazette* on February 15 and at intervals thereafter prohibiting except under special license the importation of bulky wares like paper pulp, private motor-cars, pianolas, and dispensable commodities such as lawn-mowers, metal bathtubs, playing cards, and carpet-sweepers. In this way, imports were reduced by more than 2,000,000 tons.—Of great economic and political significance was the "war against German trade." Under Sir Edward Grey's direction, the blockade of Germany had been, to use the words of Lord Davenport (House of Lords, February 22), "nerveless and feeble." The creation of a new war trade department under Lord Robert Cecil, as announced by Mr. Asquith, February 23, resulted in a more vigorous policy. Chambers of commerce and even responsible British statesmen uttered threats that after the war Germany would not be permitted to regain her former economic position. The means to this end would be a revival of protectionism. In July Premier Asquith announced the appointment of a committee to consider revision of British commercial policy and promised that after the war the whole question would be submitted to an Imperial Conference. As regards the possible effects of imperial preference upon England's food-supply, interesting statistics were made available in a new blue book (Cd. 8123): 60 per cent of the United Kingdom's meat supply was produced at home; in the decade of 1901–1911 the wheat production of the British Empire increased 75 per cent; more than three-fourths of the United Kingdom's wheat requirements were imported, and about half of this three-fourths came from Canada, Australia, New Zealand, and India.—In March the agitation for universal **compulsory military service** again emerged as the dominant political issue. The government was excoriated by Sir Edward Carson and other conscriptionists for calling up several classes of attested married men while some bachelors were still permitted to shirk. Finding Parliament unwilling longer to trifle with half-measures, at last on May 3 Mr. Asquith introduced a thoroughgoing conscription bill, rendering all able-bodied males between 18 and 41 liable for military service. On the voluntary and quasi-voluntary system, Mr. Asquith boasted, Great Britain had already secured 5,000,000 men and raised an army of 83 divisions or 1,549,859 men (including the dominions' contingents but excluding Indian troops). The new Military Service Bill passed second reading May 4, third reading May 16 (250–35), and received royal assent May 25.—On April 31 Sir Roger **Casement**, an Irish Presbyterian who had won international approbation by exposing and combating the atrocious maltreatment of native laborers by rubber merchants in Congo Free State (Belgian Congo) and Putumayo (Peru), was captured while attempting to land from a German submarine off the Irish coast. A German munitions ship, accompanying the submarine, was sunk and her crew captured. Sir Roger was confined in London Tower; subsequently the high court of justice found him guilty of treason, June 29, and sentenced him to be hanged.

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The outbreak of an armed insurrection in Dublin almost exactly synchronized with Casement's arrest. At noon on Easter Monday, April 24, "Sinn Fein" volunteers seized Stephen's Green, the post office, and other buildings in the very heart of Dublin. A proclamation to the people of Ireland declared the right of the Irish nation to national existence; six times asserted by force of arms within the last three centuries, that right was at last to be realized. The new Republic was founded on universal adult suffrage, religious and civic liberty, equality, fraternity. Its flag was green and gold. A provisional government with headquarters in Liberty Hall was constituted by Padraic Pearse (president), James Connolly (commandant in Dublin), Thomas J. Clarke, Thomas MacDonagh, Eamonn Ceannt, Joseph Plunkett, and Spane MacDiarmad. The rebellion gave promise of inflaming the entire nation. Major-General Sir John Maxwell, former commander-in-chief of the British forces in Egypt, was sent to Ireland with large reinforcements of British troops and artillery. The Dublin rebels were crushed by sheer weight of numbers and mowed down by artillery and machine-gun fire. Finally on April 29 Provisional President Pearse, "in order to prevent the further slaughter of unarmed people," ordered a general unconditional surrender and the rebels laid down their arms on April 30. Over three hundred persons had been killed in Dublin and 1800 made prisoners. The British government forces lost 521 men. Summary punishment was meted out to the Irish leaders. Padraic Pearse, Thomas Clarke, Thomas MacDonagh, Joseph Plunkett, and eleven others were secretly tried by court-martial and shot in batches during May. The sentence of the Countess Markiewicz was commuted to penal servitude for life. Scores were condemned to long terms of imprisonment. Hundreds were deported to England, and of the three thousand arrested, only some 1200 had been released up to June 22. In consequence of the insurrection, Mr. Augustine Birrell offered his resignation as chief secretary for Ireland, May 3; Sir Matthew Nathan, undersecretary, May 5. Baron Wimborne, lord lieutenant of Ireland, resigned May 10; the acceptance of his resignation was not announced until June 22. A thorough investigation of the Irish situation, undertaken, May 10, by a royal commission of which Baron Hardinge was chairman, revealed the fact that on April 24 there were only 2255 British troops available to preserve order in Ireland. The report of the royal commission, July 3, stigmatized the weakness of Mr. Birrell, and, by implication, of the whole cabinet, in permitting Ulster and Nationalist volunteers in 1914 with impunity to threaten and prepare for civil war, and in disregarding warnings received as early as February.—Although most of the Irish Nationalists remained with Mr. Redmond loyal to the British Crown, and deprecated the insurrection, they inveighed against the continued execution of Irish rebels, and it became increasingly evident that statesmanship rather than coercive severity was required of the British government. The cabinet delegated the minister of munitions, Mr. David Lloyd George, to negotiate with the Irish leaders and arrange a sens-

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ible compromise. **Lloyd George's proposed compromise** was, in essence, to give immediate effect to the Irish Home Rule Act (Government of Ireland Act, 1914), with important provisional modifications. Ulster would be temporarily excluded. For the other Irish provinces, a parliament would be set up at Dublin, the lower house comprising the Irish members of the Westminster House of Commons (excluding 25 from Ulster)—76 Nationalists and 2 Unionists—the Senate to be elected on a scheme of proportional representation. Ireland would still retain 103 representatives in the British House of Commons. Revision of this temporary settlement would be considered after the conclusion of peace, when an imperial conference would be summoned to refashion the whole fabric of the Empire. Lloyd George's scheme was somewhat reluctantly but promptly approved by the Irish Nationalists, thanks to John Redmond's loyalty. It was also supported by the Liberals, for the sake of restoring domestic tranquillity. But the Sinn Fein, on the one hand, and a group of intransigeant Unionists on the other, interposed objections. The situation hinged upon the attitude of the Unionist ministers in the coalition cabinet. The dissolution of the coalition seemed inevitable when the Unionist Earl Selborne, president of the board of agriculture and fisheries, resigned his portfolio on June 25 with the public explanation that he was willing to have Home Rule plans discussed during the war, and even enacted, but not put into effect. Mr. Walter H. Long (local government board) likewise offered his resignation, but was persuaded to withdraw it. By concessions to Unionist sentiment, however, Mr. Asquith managed to preserve a semblance of ministerial harmony, so that he could announce on July 10 that the cabinet as a whole would support the Lloyd George plan, presently to be incorporated in a bill. The Irish Nationalists, on the other hand, began to show signs of impatience at the government's delay in acting on the Lloyd George scheme. Nor were they reassured by Lord Lansdowne's statement of July 11 that in order to insure the success of the Irish compromise, General Maxwell should be retained in Ireland with 40,000 troops. With Lord Lansdowne's speech as an impolitic prelude, Mr. Asquith at length announced, July 24, the extent of his concessions to the Unionists. No measure, he said, could be enacted without essential party agreement. Ulster's exclusion must be permanent. And the representation of Ireland at Westminster would be reduced even before the final post-bellum settlement was made. This modification of the original Lloyd George agreement was bitterly assailed by the Irish Nationalists as a breach of faith on the part of the government. The cabinet vacancy caused by Lord Selborne's resignation was filled by the Earl of Crawford, July 11. Another **cabinet readjustment** was necessitated by the death of the war secretary, Lord Kitchener, who was drowned, June 5, when the cruiser "Hampshire" struck a mine or was torpedoed off the West Orkney Islands. Temporarily, Mr. Asquith assumed the duties of the war department; later, Mr. David Lloyd George, having in the meantime arranged the Irish compro-

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mise scheme, exchanged the portfolio of munitions for that of war, July 7. At the same time, Sir Edward Grey was given a peerage. Earl Derby, director of recruiting, became under-secretary for war. The new minister of munitions, July 9, was Mr. Edwin Samuel Montagu, who had been appointed chancellor of the duchy of Lancaster and financial secretary to the treasury in January, succeeding Mr. Herbert Louis Samuel, who had replaced Sir John Simon at the home office. On July 9, also, Mr. Thomas McKinnon Wood, secretary for Scotland, became chancellor of the duchy of Lancaster and financial secretary to the treasury. Mr. Harold J. Tennant, parliamentary undersecretary for war, was made secretary of state for Scotland. Home Secretary Samuel discharged the duties of the secretary for Ireland, following Mr. Birrell's resignation.

IMPERIAL SOLIDARITY. — Evidences multiplied of the Empire's solidarity under stress of war. By June, 1916, the self-governing dominions and India had raised almost a million men in Great Britain's cause. Canada was the largest contributor; toward the end of June the number of Canadian troops at the front was stated to be about three full divisions (about 56,000 men); their losses, about 40,000; the total number of Canadians recruited, 345,000; the number actually sent overseas, 225,000; and the daily cost, $1,000,000. Mr. Hughes, prime minister of Australia, on November 24 promised to contribute 50,000 men in excess of the 9500 sent each month as reinforcements; by March 31 Australia had sent 169,066 men and was training 64,633; the total sent by June was estimated at 209,000. New Zealand had supplied 36,000 men by January; 49,000 by June. South Africa not only organized strong detachments for the conquest of German South West Africa and German East Africa but also sent a contingent to France. From India some 300,000 had been drawn. Hardly less significant than these material tokens of imperial solidarity were the political expressions of the desire for close imperial federation. Mr. William M. Hughes, Labor premier of Australia, threw the whole force of his vigorous personality into this movement. He held conference with the premier of New Zealand; visiting Canada, he was admitted to the deliberations of the Dominion cabinet; in England he gained admission to the deliberations of the cabinet, the war council, and the Allied Economic Conference; everywhere his stirring pleas for imperial unity and the relentless extirpation of German trade were well received. And Mr. Asquith himself promised that after the war "the fabric of Empire" would be refashioned and the commercial policy of the Empire decided by an Imperial Conference of representatives from the United Kingdom, the self-governing dominions, and India.

CANADA.—On February 8 the Dominion Parliament voted an address to the British Parliament with the petition that the British North America Act of 1867 be amended to permit the continuance of the present Canadian Parliament for another year, owing to the inconvenience of holding general elections in war time. The request was granted, as a matter of course,

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and a British North America Bill was passed, May 25, allowing the desired prolongation.—The war **budget**, introduced by Finance Minister White on February 15, levied a 25-per-cent tax on "war profits." Although the new taxes were expected to yield about $50,000,000, the ordinary revenues were still inadequate to meet the war expenditure of $250,000,000 and the finance minister gave notice that resort would be had to a domestic loan.—In the expenditure of these sums by a hastily-expanded war department, **corruption** was almost inevitable. Charges against the war minister, Sir Sam Hughes, however, proved to be without foundation.—The outburst of British imperial sentiment in Canada as a consequence of the war was not altogether gratifying to the two million or more Canadian citizens of French antecedents. Taking advantage of the war situation, the **French-Canadian** party in Ontario insistently demanded equal rights for the French language in the schools. Their especial grievance was "regulation 17," requiring English to be used as the language of communication and instruction, after the first two primary years, in all schools, even where the children naturally spoke French. An extensive trade-boycott, the refusal of French-Canadians in Ottawa to pay taxes, and, most serious menace of all, the spread of propaganda against recruiting among French-Canadians, indicated the gravity of the situation. Sir Wilfrid Laurier, the Liberal leader, constituted himself the champion of the bilingualists, although in so doing he bade fair to disrupt the Liberal party. In Quebec, the Liberals and Nationalists combined to defeat the Conservatives, who held to the principle of provincial autonomy on the language question. It was stated that out of 330,000 men enlisted in Canada prior to April 15, less than 14,000 were French-Canadian; with more than 25 per cent of the total population, the French-Canadians had furnished less than 4⅓ per cent of the volunteers. A later report placed the number of French-Canadians under arms at 38,300.—The Dominion **parliament buildings** at Ottawa were destroyed by fire on February 3-4.—The Duke of Devonshire was appointed in June to succeed the Duke of Connaught as **governor-general** of Canada.—**Women's suffrage** bills were passed in Alberta and Manitoba, and the premier of Saskatchewan announced that women's suffrage would likewise be introduced in that state.—After holding office for twelve years as premier of **British Columbia**, Sir Richard McBride resigned on December 15 in order to represent British Columbia as agent-general in London. He was succeeded by Mr. W. J. Bowser, both as state premier and as leader of the Conservative party in the state.—The grand jury at Winnipeg found true bills against Sir Rodman Roblin, former premier of **Manitoba**, together with George R. Coldwell and James H. Howden, members of his former cabinet. The three politicians were accused not only of corrupt dealing in connection with the construction of the Manitoba parliament building, but also of corrupting witnesses and destroying public documents.

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INDIA.—The recall of Baron Hardinge and the appointment of Frederick John Napier Thesiger, third baron of Chelmsford, January 14, to succeed him at the end of March as viceroy of India, appeared to imply no serious crisis in the administration of the great British dependency. To be sure, reports emanating from German wireless stations at Ispahan and Shiraz brought tidings of disorder. Indeed, the secretary of state for India, April 14, admitted that two inconsiderable risings in the Punjab and Bengal had been suppressed. Lord Hardinge said, May 19, that in 1915 seven serious attacks had been made by tribesmen on the northwest frontier. Lord Crewe on July 20 hinted that the presence of British troops in Mesopotamia had averted a "great disaster," since "if we had not shown our strength Islam as a whole might have been deflected against us." Furthermore, Indian demands for greater autonomy were more urgently put forward. The Indian National Congress at Bombay, December 31, unanimously expressed the desire for self-government. But, on the other hand, the loyalty of official India was repeatedly affirmed and British dispatches denied the existence of widespread disaffection. In particular, the India Office denied, November 20, the German report of November 12, that the loyal Nizam of Hyderabad had been deposed by an Anglophobe insurrection. Sultan Mohammed Agha Khan declared that the Mohammedan population of India was unwavering in its loyalty. The National Congress passed a resolution of at least perfunctory loyalty, December 28. The All-India Moslem League's congress, December 30-January 1, likewise proclaimed its loyalty, though it demanded greater autonomy. Austin Chamberlain, secretary of state for India, made a summary statement, April 14, of India's services to the Empire. Native princes had offered contributions as well as personal services; the Maharaja of Mysore alone had given 50 lakhs of rupees ($1,665,000). Twenty-one cavalry regiments and 76 infantry battalions had been furnished by British India and other troops by protected states. Lord Hardinge in May gave further particulars. India had sent 300,000 British and Indian troops to France, Egypt, China, Mesopotamia, East Africa, Gallipoli, and Kamerun. The army of occupation, normally about 73,000 strong, had been so depleted that at one time less than 15,000 British troops were left to preserve order in India. This fact alone, to his mind, proved the non-existence of serious unrest.

OTHER POSSESSIONS.—On Mr. Fisher's becoming Australian High Commissioner in London for five years, the cabinet of the **Australian Commonwealth** was reorganized on October 27 as follows: premier and attorney-general, Hughes; defense, Pearce; trade and customs, Tudor; external affairs, Mahon; navy, Jensen; home, O'Malley; treasurer, Higgs; postmaster-general, Webster; vice-president of the executive council, Gardiner; assistant minister, Russell. (For Mr. Hughes's activities in England, see Imperial Solidarity *supra*, p. 47.)—Even during the war, labor troubles continued in Australia; a serious strike at the Broken Hill

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mines was terminated by arbitral award giving the men a 44-hour week and a minimum daily wage of 11s. 3d.—According to the organic law the Legislative Assembly of **Egypt** should have convened on November 1; the partial elections to the Legislative Assembly and the election of provincial councils should have occurred in January; but all were postponed by a decree of October 27, on account of the war. In March an Anglo-Italian agreement was signed, touching the status of Italian colonial subjects in Egypt and looking toward the eventual abolition of the Capitulations.—**Newfoundland** by plebiscite enacted complete prohibition, to become effective on January 1, 1917.—A crisis in **New South Wales** in April–May was ended on May 3 when Premier Holman attended the Labor Conference and promised to submit to referendum the question of abolishing the Legislative Council.—A national register taken in **New Zealand** in November found 110,000 men willing to serve in expeditionary forces if required; 43,500 willing to render non-military war service; and 34,386 unwilling to do any war service. In June the House of Representatives passed a Military Service Bill (44 to 4 votes) for compulsory service. Heavy additional taxes were laid on land and incomes; railway, postal, and telegraph rates were increased, and customs duties raised.—After the suppression of the Boer revolt, the Nationalist party in **South Africa** continued to manifest its hostility toward the British Empire, but by political rather than military means. When the newly elected Union Parliament met on November 19, the Nationalist leader Hertzog proposed a resolution demanding unconditional amnesty for General de Wet and other political prisoners. This General Botha was not prepared to grant. After eight days' debate, an amendment was adopted recommending clemency according to the merits of individual cases. On December 20 General de Wet and 118 others were released. In January Mr. Burton, minister of railways and harbors, was in addition entrusted with the portfolio of finance; Sir Meiring Beck became minister of posts and telegraphs; and Colonel Mentz, minister of lands. General Botha himself acted as minister of defense in General Smuts's absence. In March General Hertzog opposed the war appropriations, declaring that South Africa would rue her participation in the war. The Nationalists were unable to prevent the East African campaign, but at any rate they secured the adoption of a motion for bilingualism in the civil service of South Africa.—(See also The European War, In Africa, *supra*, pp. 7–8).

VI. CONTINENTAL EUROPE

FRANCE.—The tendency of the cabinet and general staff in time of war to ignore the political authority of the legislature was strongly combated by a group of almost two hundred Socialist and Radical-Socialist deputies. The continued hostility of the **parliamentary control** party had caused the downfall of the Viviani ministry, October 29 (see last RECORD, p. 729). The new Briand cabinet at the outset com-

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manded the allegiance of 515 of 602 deputies, but still 25 abstained and one Socialist voted against the government, November 3. On November 30 the Extreme Left in the Chamber of Deputies again revealed its distrust, when 112 deputies supported MM. Turmel and Auriol in a demand for fuller information regarding the war situation, before authorizing General Galliéni to call some 400,000 youths to the colors in January, 1916, instead of in 1917. General Galliéni promised that the class of 1917 would be held in readiness for "new and decisive efforts." His request was granted by the Chamber of Deputies, November 30, and by the Senate, December 28. In December the ministry was again attacked, on the question of the **high command**. General Joffre, commander of the armies in France, was promoted, December 2, to the supreme command of all French armies excepting in the colonies and northern Africa. Presumably this step was taken in accordance with the plans of the Anglo-French war council (see *supra,* p. 13) to secure coördination of effort. M. Georges Clémenceau, however, writing in *L'Homme Enchainé,* and M. Gustave Hervé, in *La Guerre Sociale,* suspected a plan to shelve the Republican generalissimo. An official explanation of the matter was demanded in the Chamber of Deputies, December 9, by M. Émile Constant. Upon Premier Briand's refusal, Deputy Charles Chaumet flung at the government the bitter taunt: "You seem to have taken too seriously the paradox of our witty colleague M. Marcel Sembat, 'give us a king or give us peace.' Apparently you assume that there is some incompatibility between democracy and the exigencies of war." At the conclusion of the interpellation, a majority of 406 upheld the government, but 67 signified their lack of confidence. Two days later, a further change in the high command was made, General de Curières de Castelnau, able commander of the French armies of the center (Champagne), being appointed to the new post of chief of the general staff. Again 154 deputies pressed the demand for a secret session regarding the high command, December 15.—The legislative **session of 1916**, which began January 11, was marked by new attempts to enforce parliamentary control. The complaint of Socialists and Radical-Socialists was raised anew on February 18, that too much power was entrusted to the general staff. M. Briand declined to discuss the question and called for a vote of confidence; he was upheld by a majority of 394. Finally, in June, Premier Briand conceded the parliamentary demand for confidential information respecting the military situation. After several days in secret session the Chamber of Deputies on June 22 reiterated its confidence (440-97) and expressed its determination (444-80) to refrain from intervention in the direction of military operations but to supervise industrial and military preparation. The Senate held similar secret sittings on military affairs, July 3, and consequently gave the government an almost unanimous

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vote of support, although two influential senators, MM. Pichon and Clémenceau, were included in the minority. — While in parliament a number of **Socialists** harassed the ministry, the overwhelming majority (2736 against 76 and 102 abstentions) of the Unified Socialist Party, in its congress in December, adopted a vigorous resolution supporting the war to crush German hegemony and regain Alsace-Lorraine. And on April 9 the national council of the Socialist Party voted (1996 to 960) against the resumption of relations with the Socialist parties of enemy countries.—**War finance** occupied much of the legislature's time. In November a government bill was introduced by Finance Minister Ribot and readily passed, authorizing a 5-per-cent loan, exempt from special taxes but not from general taxes on incomes or fortunes. More than 21,000,000,000 francs had already been raised for war purposes. The new 5-per-cent issue was offered to the public on November 25. The subscriptions, as announced on January 13, amounted to 15,130,000,000 francs; but as the loan was issued at 88, and a discount allowed for cash, the net proceeds were only 13,243,000,000 francs, of which 6,368,000,000 was paid in cash. Before the close of the 1915 session the Chambers appropriated 8,172,817,367 francs for the first quarter of 1916. In March the sum of 7,817,000,000 francs was voted for the second quarter. This brought the total expenditures from August, 1914, to June 30, 1916, up to the enormous total of forty-seven billion francs, including thirty-seven billions for purely military purposes; almost a billion for loans to Belgium, Serbia, Greece, and Montenegro; and more than five billions for social welfare and the relief of soldiers' families. For the third quarter of 1916 an appropriation of 8,511,095,515 francs was required in May. Increased tax revenues were needed to help defray the interest charges on the immense war debt. The income-tax law of July 15, 1914, was first given effect in 1916, although the Senate would have favored further delay. In addition, war profits were taxed, and in May M. Ribot proposed still heavier taxes on alcohol, wine, beer, cider, sugar, tobacco, horses, carriages, automobiles, billiard tables, clubs, hunting preserves, and mines, as well as new taxes on house dogs (10 francs) and hunting dogs (5 francs).—A bill to adjourn all legislative, departmental, cantonal, and municipal elections during the war was passed by the Chamber of Deputies, April 7, 1916.—With health broken by the burden of arduous duties, War Minister Galliéni—"the savior of Paris"—resigned on March 16, about two months before his death; he was succeeded at the war office by General Pierre Auguste Roques.

RUSSIA.—So emphatic was popular displeasure at the peremptory prorogation of the **Duma**, September 16, 1915 (see last RECORD, p. 731), and so vigorous the patriotic condemnation of inefficient, irresponsible bureaucracy, that Premier Goremykin was constrained to pursue a more conciliatory course. He made an apparent concession to the

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parliamentary party by appointing a member of the Duma, Alexei Khvostov, as minister of the interior, early in October. Never before had the Duma been honored by the elevation of one of its members to cabinet rank. The appointment, however, was not an unmixed triumph for liberalism. The retiring minister of the interior, Prince Cherbatov, was reputed to be the most liberal member of the ministry, whereas the new minister, Khvostov, represented the Extreme Right in the Duma and strongly believed in "benevolent but firm authority."—The liberal trend of public opinion was indicated by the result of partial elections to the Council of the Empire, in October, whereby the progressives gained 24 additional seats and an absolute majority.—Further **cabinet** readjustments were necessitated by the retirement of Alexander Samarin, procurator-general of the Holy Synod, and the resignations of the minister of agriculture, M. Krivoshein (succeeded by M. Naaoumov), and the minister of communications, M. S. V. Rukhlov. The aged premier himself, lacking the vigor and the constructive statesmanship so supremely needed to retrieve the military disasters of the past year, at length surrendered his office, February 1, because of "ill health." His successor, Boris Sturmer, was not conspicuous for liberal views, but he was at least an administrator of energy and ability. A week later came the resignation of Comptroller-General Kharitanov, who was succeeded by M. Pokrovsky. Premier Sturmer began his administration under favorable auspices. On February 16 the capture of the great Turkish stronghold of Erzerum gave cause for national rejoicing. On February 22 the Tsar deigned to attend in person the formal opening of the new Duma session. The **budget**, however, furnished occasion for protracted and at times acrimonious debate. Ordinary expenditures, as estimated in the budget, would greatly exceed the ordinary revenue of 3,022,049,318 rubles, leaving a deficit of 210,414,280 rubles. Extraordinary expenditures swelled the deficit to 355,000,000. In addition, war expenditures then averaging 31,000,000 rubles a day were expected to reach the staggering total of 11,000,000,000 rubles in 1916, as compared with 8,000,000,000 in 1915. An income tax and a considerable augmentation of the educational appropriation were interesting features of the budget, as finally approved by the Duma and Council of the Empire and sanctioned by the Tsar, April 24.—Criticism of the ministry during the spring session of the **Duma** was characterized by extreme bitterness. Liberals complained at the non-realization of their aspirations toward political liberty, racial equality, and generous treatment of the Finns and Poles. In the Duma on March 24 a debate on alleged persecution of the Jews led to a scene of tumult, in the midst of which the Conservative party angrily marched out of the hall. Under fire of criticism, Alexei Khvostov resigned the portfolio of the interior. In March also War Minister Polivanov resigned,

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being succeeded by General Shuvayev, director of the commissariat. Polivanov's predecessor, General Soukhomlinov, universally reproached for neglecting to provide ample munitions and adequate strategic railways, was arraigned on the charge of treasonable negligence, after an investigation in March, and was subsequently imprisoned pending final conviction.—Notwithstanding dissatisfaction, the Duma labored diligently in the interest of railway extension, the promotion of co-operative enterprises, the enforcement of economy by the establishment of several meatless days a week, and by temperance. A bill was passed for the permanent prohibition of vodka; only wines containing less than 12 per cent alcohol were exempted. On July 2 the Duma passed an important bill conferring upon peasants the same civil rights as other classes possessed; the peasants since 1890 had not been entitled to elect deputies to the zemstvos but merely to nominate a list of candidates from which the provincial governor made an arbitrary selection. On July 3 the Duma was suspended until November 14.—Late in July Foreign Minister Sergius Sazanov resigned, on account of ill health, and was temporarily succeeded by the premier himself; at the same time, Alexei Khvostov again assumed the portfolio of the interior, and M. Makarov, of justice. In May a delegation of Russian parliamentarians visited Great Britain and France. —A plan for feeding the civilian population of **Russian Poland** through the instrumentality of an American commission was proposed in February by Walter Hines Page, American ambassador to Great Britain, and accepted by the British government May 11, with the stipulations that the plan must apply to Galicia as well as to Russian Poland, that Germany with her allies must undertake to provision the populations of Serbia, Albania, and Montenegro, and that the food for the German forces in Poland should not be furnished by Poland. The German government rejected the British stipulations, May 30. In July the president of the United States addressed personal letters to King George V, President Poincaré, Emperor William II, and Emperor-King Francis Joseph, urging an agreement for Polish relief. — In elections to the **Finnish Diet**, 103 Social Democrats, 33 "Old Finns," 22 "Young Finns," 21 Swedes, and 19 Agrarians were returned. — See also Sweden, *infra*, p. 67, and The European War, *supra*, p. 3.

ITALY AND THE HOLY SEE.—Disappointment at the slow progress of military operations against Austria-Hungary and Socialist opposition to the Salandra ministry had already begun to assume significant proportions when the Italian parliament convened in December. But the reassuring address of Foreign Minister Baron Sonnino, who announced Italy's adhesion to the Pact of London (see *supra*, p. 13), and the eloquent confidence of Premier Salandra insured a vote of confidence by an overwhelming majority (405–48).

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Only the Socialists voted against the motion. — In February a royal decree prohibited importation or transit through Italy of all German or Austrian merchandise. Later in the same month, some thirty-four German merchantmen interned in Italian ports were requisitioned.— During the spring session of the Italian parliament, criticism of the government gained in intensity. The demand for a truly representative coalition ministry was frequently voiced by opposition leaders. Nevertheless Signor Salandra, refusing to reconstitute his cabinet, continued to command the support of the majority. After lengthy debate, his economic policy was approved by 394 to 61 votes. Nor was the strength of the cabinet seriously impaired by the resignation of General Zupelli, April 5, as minister of war. The new war minister, General Paolo Morrone, was an experienced corps commander of acknowledged ability. The foreign policy of the government came next under review. Baron Sonnino in a most informing speech made the interesting assertions that Italy did not contemplate the conquest of Epirus; that the Serbian army had been reconstituted; that Italian prisoners in Austria were well treated; and that the Italian navy had safeguarded the transportation of 250,000 soldiers, wounded, and refugees, besides 10,000 horses, despite nineteen futile attacks by enemy submarines. By a vote of 352 to 36, April 16, the Chamber of Deputies approved the declarations of Baron Sonnino and sustained the foreign policy of the government.—The formation of a "national" or **coalition cabinet**, long postponed, was rendered inevitable by the military reverses of May. On June 10, the Giolitti party, the Radicals, the Nationalists, and the Socialists combined to defeat a vote of confidence (158 for and 197 against the ministry). On June 11 the Salandra cabinet resigned. Six days later the veteran statesman Signor Boselli formed a coalition ministry, representing all factions except the intransigeant Socialist group, and on June 19 the following ministers were sworn in: premier, Paolo Boselli (Liberal Conservative); interior, Vittorio Orlando (Liberal Democrat); foreign affairs, Baron Sidney Sonnino (Lib. Cons.); treasury, Paolo Carcano (Lib. Dem.); education, Francesco Ruffini (Lib. Cons.); war, General Paolo Morrone; marine, Admiral Camillo Corsi; railways and merchant marine, Enrico Arlotta (Lib. Cons.); justice, Ettore Sacchi (Radical); finance, Filippo Meda (Catholic); public works, Ivanoe Bonomi (Reformist); post office, Luigi Fera (Radical); colonies, Gaspare Colosimo (Lib. Dem.); agriculture, Giovanni Raineri (Lib. Dem.); industry and commerce, Giuseppe De Nava (Lib. Cons.); without portfolio, Leonida Bissolati Bergamaschi (Reformist); Leonardo Bianchi (Const. Dem.); Ubaldo Comandini (Republican); Vittorio Scialoja (Liberal of the Right). In the ministerial declaration Premier Boselli stressed Italy's loyalty to the Entente, forespoke measures to restrict the consumption of food and to curtail luxury, and reiterated assurance of victory.

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The Chamber of Deputies expressed its confidence by an overwhelming majority, although the intransigeant Socialists cast 44 votes in the negative.—In July, as further proof of Italy's loyalty to the Entente, a decree was issued rendering nationals of Austria-Hungary's allies liable to internment as enemy aliens and their goods subject to sequestration. — In an allocution of December 6 Pope Benedict XV complained of the humiliating inconveniences experienced during the war by reason of Italy's refusal to admit the international status of the **Holy See.** Teutonic ambassadors at the Vatican had "been obliged to depart in order to safeguard their personal dignity and the prerogatives of their office." The war had made communication with Catholics in belligerent countries more difficult, at the very time when such communication was most needed for ordinary humanitarian as well as religious ends. With a word of sympathy for Armenia and a lament for the continuance of the war, the Pope urged the belligerents to effect "an exchange of ideas, direct or indirect," with a view to reaching a just settlement and restoring the "peace which is ardently desired by all mankind."—On December 28, after an interruption of four years, Monaco resumed relations with the Holy See, sending Count Capello as minister-plenipotentiary. The new Dutch minister to the Vatican presented his credentials in January.—The possibility of papal mediation to end the war was widely but unauthoritatively discussed in connection with the visit of the German Cardinal Hartmann to Rome in November, the conference of the Belgian Cardinal Mercier with the Pope in January, and the audiences granted by the Pope to Premier Pashitch of Serbia, March 17, and Premier Asquith of Great Britain, April 1. (See Peace Suggestions, *supra*, p. 12.)

GERMANY.—In the winter session of the Reichstag, November 30 to January 18, attention was absorbed chiefly by a momentous debate on peace terms, by Socialist dissensions, and by financial and economic problems. The discussion of **peace terms** was inaugurated on December 9 by the Social Democratic leader Dr. Scheidemann, who held that Germany's manifest military strength enabled her to make overtures for peace without appearing weak. In reply to the interpellation, Imperial Chancellor von Bethmann Hollweg declined to lay down definite terms of peace, but intimated that Poland and Belgium must not be permitted in future to serve as avenues for Russian, French, and British attacks upon the German Empire. The non-socialistic parties of the Reichstag, approving the Chancellor's declaration, sanctioned the principle of "such annexations of territory as might be necessary" to secure German interests.—A striking sequel of the debate was the attempt of Dr. Karl Liebknecht, the most extreme of the **pacifist-Socialists,** to embarrass the Chancellor by inquiring, December 14, whether the government was prepared to enter upon peace negotiations immediately; whether the government would

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abandon secret in favor of democratic diplomacy; whether the government would permit a parliamentary investigation of the responsibility for the outbreak of the war; whether the government intended to reform its internal policy and to relieve the distress of the masses. Another prominent Social Democrat, Herr Haase, boldly advocated peace without conquests. A majority, however, of the Social Democratic group in the Reichstag repudiated the pacifism of Haase and Liebknecht. The breach in the party was clearly apparent in the vote on the fifth war credit, December 21. Defiant of the Social Democratic group's decision to support the government, a minority of twenty pacifist members voted in the negative. On January 11 Dr. Liebknecht presented a new series of questions, regarding the Armenian atrocities, the treatment of conquered peoples, and the suppression of personal freedom under the régime of martial law. The following day, Dr. Liebknecht was expelled from the Social Democratic group by a vote of 60 to 25. Twelve of the 25 absent deputies were opposed to Liebknecht's expulsion. The party journal, *Vorwärts*, notwithstanding its popular backing and international reputation, was subjected to censure for its pacifist tendencies (which had more than once incurred the censor's displeasure) and was repudiated by the patriotic Social Democratic party committee, January 9; impenitent, *Vorwärts* refused to modify its policy or to recognize its repudiation. The split in the party, no longer susceptible of conciliation or concealment, was ultimately given formal recognition, March 24, when Herr Haase, who had been chairman of the group, was expelled and eighteen pacifists, from among the 110 Social Democratic deputies, bolted the party. The new pacifist "Social Democratic Labor" fraction was led by Haase and Ledebour. Two extremists, Liebknecht and Rühle, held aloof from majority group and new faction alike. Still another Social Democratic element, the Hoch-Simon group, comprising a score of deputies, remained obedient to party discipline though opposed to voting war credits. The real pro-war majority of the Social Democratic group was thus reduced to about 70.—The fifth war credit (10,000,000,000 marks), voted on December 21, brought the total of **war appropriations** up to 40,000,000,000 marks. Though within eighteen months the national debt had been multiplied ninefold, public confidence appeared surprisingly steady. **War loans** gave concrete proof of popular reliance upon the Empire's financial solidity. Payments on the third war loan (see last RECORD, p. 732), completed in January, totaled 12,160,000,000 marks. The fourth loan, launched in January, soon brought in 10,712,000,000 marks from more than five million subscribers, not including subscriptions from abroad or from soldiers in the field. No financial stringency prevented Germany from extending loans to her allies. Nor did financial considerations deter the Reichstag in January from voting in favor of a reduction of the

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age for old-age pensions from 70 to 65 years. In connection with the December vote of credit, Finance Minister Helfferich gave notice of a war-profit tax to be levied as part of a general impost upon all gains from January, 1914, to January, 1917. Persons whose profits had been augmented by the war were instructed to hold 50 per cent of such profits in reserve for payment of the tax.—The **economic situation** of Germany was regarded by French and British economists as gravely affected by the British blockade. Evidence to this effect was furnished by the phenomenal drop of mark exchange in New York below 73 on March 13. German war finance, said British financiers, was an unsafe fabric reared upon an unsound basis. The growing severity of German food regulations, the complaints of *Vorwärts* and other journals regarding excessive food prices, the oft-repeated (and as frequently denied) rumors of hunger-riots, the embargo on caviar, champagne, silks, and other luxuries, and above all the tightening of the blockade reinforced the popular impression in Allied and some neutral countries that Germany was being brought to her knees by economic pressure. According to a British memorandum published January 4, the trade returns showed German commerce with the United States to have been diminished by 92 per cent.—As the spring advanced, the **food problem** became more acute. Press reports of bread riots might be denied, but it was impossible to conceal the anxiety of the Reichstag and of the German public in general. The cry of the Socialists for more thorough government regulation and prevention of private speculation, extortion, and extravagance, was caught up by the masses and reëchoed in the daily press. In response to this demand, vice-chancellor Clemens Delbrueck, who as minister of the interior had failed to solve the food problem, was superseded in May by the brilliant economist, Dr. Karl Helfferich. The ministry of finance, vacated by Dr. Helfferich, was assigned to Count von Roedern, former governor of Alsace-Lorraine. On May 23 announcement was made that as chairman of a Food Regulation Board, Herr Adolph Tortilovitz von Batocki would be intrusted with almost dictatorial powers in dealing with the supply, consumption, and sale of foodstuffs. With characteristic energy, Herr von Batocki addressed himself to the problem, establishing soup-kitchens in the great cities, introducing meat-cards, and announcing that the harvest of 1916 would probably be bountiful, whereas that of 1915 had been the worst in years.—Interest in the discussion of **peace terms** kept pace with anxiety regarding the food situation. On the one hand, the Social Democratic Labor group became more outspokenly pacifist, and extreme pacifists like Dr. Liebknecht, interpreting the sentiment of proletarian constituencies, grew ever more vociferous. Dr. Liebknecht in the end was arrested and sentenced to thirty months' penal servitude for haranguing a May Day peace demonstration in Berlin, in

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contravention of military regulations. On the other hand, National Liberal capitalists and pan-German Conservatives openly advocated wholesale annexation of conquered territory. Between the two extremes, Chancellor von Bethmann Hollweg chose a prudent and not too sharply defined middle course, which won golden words of approval from patriotic Socialists, Progressives, Centrists, and Moderates generally. In his Reichstag speech of April 5 he intimated that Poland, Lithuania, and Livonia must be wrested from Russia, but at the same time he favored "a peaceful arrangement of European questions" after the war. In his speech of June 5 he blamed the Allies for scorning peace. Incidentally, he promised a relaxation of the censorship. The most significant indication of the Chancellor's policy was afforded on June 20, when the Social Democrat Scheidemann at Breslau asserted that von Bethmann Hollweg had orally assured the Social Democrats that he disapproved pan-German plans for the annexation of all Belgium and northern France. As the pan-Germans renewed their clamor against too modest peace terms, a semi-official national committee was formed in July, nominally by Count von Wedel, to influence public opinion in favor of an "honorable peace" on moderate terms.—Likewise in the submarine controversy von Bethmann Hollweg strove to conciliate the moderate parties. Despite the fulminations of National Liberals and Conservatives, he firmly insisted upon placating the United States (see *supra*, p. 16). Grand Admiral von Tirpitz, idolized by the champions of ruthless submarine warfare, resigned on March 16 and was superseded as secretary of state for the navy by Vice-Admiral Eduard von Capelle.—The budget, the tax on war profits, and various tax increases were adopted by the Reichstag in June, together with a war credit of twelve billion marks, against the vote of the Social Democratic Labor group.—In opening the **Prussian Landtag** January 13, the prime minister, Dr. von Bethmann Hollweg, promised electoral reform, but it was explained that this must be postponed till after the war.

AUSTRIA-HUNGARY. — The gravity of the economic problems which confronted the Austrian government was indicated by changes in the **Austrian cabinet**, announced December 1. As minister of the interior, Dr. (Freiherr) von Heinold was superseded by a former premier, Konrad (Prinz) zu Hohenlohe-Schillingsfürst; as minister of commerce, Dr. (Edler) von Schuster was succeeded by Dr. Alexander von Spitzmüller; and as finance minister, Dr. (Freiherr) von Engel was replaced by Dr. Karl (Ritter) von Leth. Heavy taxes on war profits were imposed by an Austrian decree of April 16.—The **Hungarian parliament** in its session beginning November 30 held a noteworthy debate on foreign policy. In opposition to Count Michael Karolyi's impassioned plea for the Central Powers, victorious as they were, to inaugurate peace overtures, Count Julius Andrassy (Consti-

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tutionalist) shifted to the Allies' account all responsibility for continuing the war. Both speakers demanded immediate democratization of the franchise. In reply, Premier Count Tisza uttered a weighty indictment of the Entente's diplomacy. Incidentally, he invited Rumania to join the Central Powers. The session of the Hungarian parliament in June was enlivened by a spirited debate on the issues of the war. Stephan Rakovsky and Count Karolyi sharply criticised the military blunder which had recently sacrificed Bukowina to the Russians. Moreover, on June 20, Count Michael Karolyi, Count Julius Andrassy, Count Albert Apponyi, and other Magyar deputies voted against the provisional budget as a protest against the government's failure to conclude peace, since the defensive object of the war had already been achieved.—In a parliamentary speech in July, the Hungarian minister of finance, Teleszky, stated that the war had thus far cost an average of 450,000,000 crowns monthly and was then costing almost 600,000,000 crowns a month. Subscriptions to the third Hungarian war loan, as announced November 20, amounted to 2,000,000,000 crowns, exceeding the second loan by 900,000,000 crowns. To the fourth loan, subscriptions aggregating 1,200,000,000 crowns were received.

TURKEY.—At the opening of the parliamentary session, November 14, the speech from the throne expressed gratification at the Turkish victories on Gallipoli, the German victories in Russia, and the formation of the Quadruple (Bulgaro-Turco-Teutonic) Alliance. Reports of the suicide (February 1) or murder of Prince Yussuf Izzeddin Effendi, heir apparent to the Turkish throne (succeeded as crown prince by Prince Wahid-eddin Effendi), and mendacious rumors of the assassination of Enver Pasha, the minister of war, as well as suggestions of foul play in connection with the death (April 19) of Baron Kolmar von der Goltz, the famous German commander-in-chief of the First Turkish Army, were frequently cited by an uncritical press as portents of popular revolt.—In January a German loan of $100,000,000 was authorized by the parliament.—In February the chamber of deputies voted to adopt the Gregorian calendar.—On March 13 the Turkish parliament ratified an agreement with the Bagdad Railway Company for the accelerated construction of the sections in the Taurus and Amanus mountains.—In reply to allegations laid before the Sublime Porte by United States Ambassador Morgenthau in respect of the **Armenian atrocities**, the Turkish government in February issued an official defence of its conduct. The forced migration of Armenian Christians and the massacres which had occurred in certain localities were represented as the inevitable result of insurrections incited or fostered by the Entente powers. In April the American Red Cross received permission to coöperate with the Turkish Red Crescent for the relief of the oppressed and, in some cases, starving native Chris-

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tian peoples in the Ottoman Empire. In June and July wholesale executions of "rebel" Syrians at Damascus and Beirut were alleged to have been instituted by order of the Turkish commander, Djemal Pasha.—A formidable uprising in **Arabia** occurred in June. Under the leadership of the insurgent grand-sherif of Mecca, the Arab rebels not only established themselves in control of Mecca (June 13) and its adjacent forts (July 15), but also captured Jedda and Kinfunda and beleaguered Taif.

GREECE.—The resignation of Premier Zaimis, November 4, brought into power one of the ablest of Greek diplomats, M. Stephanos Skouloudis, who had formerly served as foreign minister and as representative of Greece in the London conference of 1913. The Venizelist opposition, clamoring for intervention in behalf of the Entente, was silenced for the time being by a dissolution of parliament November 11, and forced to observe with chagrin the altercation which ensued when the Entente powers requested permission for the defeated Anglo-French Vardar army to retreat into Greek territory and intrench itself at Saloniki. The Entente's demand was reinforced by a loan of $8,000,000, visits from Lord Kitchener (British war minister) and Denys Cochin (French minister without portfolio), a collective note (November 23), a naval demonstration, and a partial commercial blockade. Greece acquiesced, November 24. That Greece yielded only under duress, however, was proved by King Constantine's protest to the American press, January 13.—The disgruntled partisans of ex-Premier Venizelos regarded the general elections of December 19 as unconstitutional and refrained from the balloting. A safe ministerial majority was returned.—In March a new controversy with the Entente powers was caused by Premier Skouloudis's announcement of the virtual annexation of Upper Epirus by Greece. The Quadruple Entente ministers unpleasantly reminded him that Northern Epirus had been incorporated into Albania by joint action of the Powers in 1913. Skouloudis was thereupon obliged to reply that Greek occupation of the region was purely provisional.—In April the Greek government was threatened with coercive measures by the Entente powers because of its refusal to permit the use of the (Greek) Peloponnesian railway for the transportation of Serbian troops from Corfu to Saloniki; the conclusion of an amicable agreement on this question was announced by the British foreign office, May 15. On June 21, France, Great Britain, and Russia, as Protecting Powers of Greece (by the treaties of 1863), presented a collective note demanding (1) complete demobilization; (2) an immediate change of ministry and the installation of a cabinet devoid of "political prejudice"; (3) dissolution of the chamber and general elections; (4) "dismissal, in agreement with the Allied powers, of certain police officials" of pro-German temper. Rather than accede to these demands, Premier Skouloudis resigned,

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June 21. King Constantine, through Zaimis, notified the French legation of his decision to submit to the Entente's will. A new cabinet was then constituted, June 22, as follows: premier and foreign minister, Alexander Zaimis; interior, Colonel Haralambis; war, General Callaris; finance, George Rhallys; national economy, Calligias; marine, Admiral Coundouriotis (who shortly resigned and was succeeded by Rear-Admiral Damianos); justice, Anthony Momperatos; public instruction, Constantine Libourikis; communications, Phocian Negris. The chamber of deputies was dissolved, June 23, and new elections ordered. The demobilization decree received Constantine's signature, June 27. A Venizelist was appointed chief of police at Athens. By complete and prompt compliance Greece induced the Allies to remove the restrictions upon Greek commerce. Early in July the Entente further demanded the dismissal of 144 pro-German police agents, if cable reports may be credited.—Meanwhile Eleutherios Venizelos, who had triumphed in a by-election in Mytilene, May 8, continued to criticise the ministry, upbraid the monarch, and advocate intervention.

BALKAN AND DANUBIAN STATES.—**Albania** was invaded in January, 1916, by Austrians from the north, who forced the Italians to evacuate Durazzo, and by Bulgarians from the east, who subjugated all of the central region. The quondam mpret, Prince William of Wied, who had abandoned his insecure throne in 1914, now returned to Albania and issued a proclamation soliciting loyalty. An Italian force, however, still remained in possession of Avlona, and a portion of southern Albania was held by Greece. Essad Pasha, president of the provisional government, after vainly opposing the Austro-Bulgarian invasion, joined the Italians; later, in April, he journeyed to Paris and became the recipient of distinguished honors. — **Bulgaria's** entry into the war was justified by Tsar Ferdinand in his speech at the opening of the Sobranje, December 27, on the ground that Serbia had obstinately refused to recognize Bulgaria's rightful claims in Macedonia. On December 29 all parties in the Sobranje, excepting the Socialists, united to reaffirm their loyalty by voting war credits of $100,000,000 and appropriating $6,000,000 for the assistance of poor soldiers' families. In March the Sobranje voted to adopt the Gregorian calendar. Reports of dubious authenticity described an attempt to assassinate premier Radoslavov, the imprisonment of four Russophile politicians, and the arrest of the Stambulovist leader Ghenadiev, together with five other deputies, who were released after a fortnight's detention.—The king of **Montenegro**, after the loss of his realm, fled to Italy and thence to France, January 24. The government, at the head of which General Voukotitch had been superseded by Lazare Mouchekovitch, was transferred to the French city of Bordeaux. The Montenegrin ministers remaining in Montenegro, and the King's son, Prince Mirko, who visited Vienna either as a guest or as a virtual

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prisoner, were repudiated by King Nicholas in an open letter of May 22. In July an anti-Austrian insurrection in Montenegro assumed formidable proportions under the leadership of General Vischovitch.—The government of **Rumani** remained neutral, although the wildest rumors of impending belligerency were continually circulated. In his speech at the opening of parliament, November 28, King Ferdinand ambiguously exhorted all parties to unite "for the defense of the weighty interests of Rumania" in the international crisis. German dispatches asserted that a Germanophile league for the aggrandizement of Rumania had been formed by Marghiloman, Meninesco, and Prince Cantacuzenes, and that by the resignation of Filipesco as head of the dissident Conservatives the two Conservative factions had been reunited under Cantacuzenes. Against the pro-German, or, at any rate, opportunist, policy of the government, Take Jonesco on December 16–17 delivered a memorable philippic; Rumania's "national instinct," he believed, dictated intervention against Austria-Hungary, in the interest of humanity and irredentism. In February a report that two representatives of "unredeemed" Rumania (i. e., the Hungarian province of Transylvania) had presented themselves for election to the Rumanian parliament was followed by rumors of a crisis between Rumania and the Central Powers. On April 7, however, the Rumanian minister at Berlin signed a convention with Germany, providing for the free exchange of domestic products. The Rumanian parliament, after voting a graduated tax on luxuries such as automobiles and jewels and approving a domestic loan of $30,000,000, adjourned on April 19. The dowager queen, Elizabeth, better known as "Carmen Sylva," died on March 2.—The existence of **Serbia** as a national state was suspended by the combined German-Austro-Hungarian-Bulgarian campaign of October 6–December 12. The conquerors found the land desolate, the people starving and cholera-stricken. Fragmentary news items indicated that relief work was being forwarded and that the copper mines were again in operation. King Peter and his ministers escaped from Serbia by way of Scutari; subsequently the king was reported at Saloniki, the cabinet at Brindisi; still later, at Corfu. Premier Pashitch, as representative of "Serbia," attended the Entente Allies' conference of March 27 at Paris. Colonel Boyovitch was superseded by General Bogidar Terzitch as Serbian minister of war.

OTHER EUROPEAN STATES. — On November 8–10 the German military governor of **Belgium**, General von Bissing, imposed a monthly war tax of 40,000,000 francs to help defray the cost of the administration (article 59 of the Hague convention on land warfare), payable from December 10, 1915. The condition of Belgium under German rule was subject to much controversy. The German Imperial Chancellor on December 9 asserted that industry and commerce were "reinvigorated," coal production was "rapidly increasing," and Flemish

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was taught in the schools. The British blockade, he said, was "strangling" Belgian industry. Great Britain, on the other hand, accused the Germans of impeding the work of Belgian relief and restoration. The Belgian government in January published a report showing that 18,207 houses had been burned by the Germans, not including those in Flanders. A moving plea for an investigation of the alleged German atrocities by a joint commission was addressed by the clergy of Belgium to the Roman Catholic clergy of Germany and Austria, November 24. Four annexes to the letter contained a mass of material indicating violations of the Hague conventions by the Germans in Belgium. Cardinal Mercier's Lenten pastoral letter, strongly and frankly optimistic regarding the ultimate triumph of Belgium's allies, elicited a sharp reproof from Governor-General von Bissing. Von Bissing's interference with ecclesiastical liberties, no less than his decree of May 15 stringently compelling Belgian laborers to accept employment even when to the advantage of the German cause, was made the subject of many unofficial complaints and official protests. The Belgian ministry, which retained its offices at Le Havre, France, was modified in December when Paul Hymans (Liberal leader), Count Goblet d'Alviella (Liberal senator), and Émile Vandervelde (Socialist leader), already ministers of state, were brought into the cabinet as ministers without portfolio; they were sworn in, January 28. On January 20 Baron Beyens, former Belgian minister at Berlin, became foreign minister in replacement of M. Davignon, who died on March 13.—A conference at Copenhagen between the premiers of **Denmark**, Norway, and Sweden, March 9, discussed Scandinavian political relations, decided upon close coöperation in upholding neutral rights, and proposed measures to safeguard neutral commerce against mines.—Minister of finance Brandes was succeeded on March 21 by Hage. A month later, Hage assumed charge of the department of commerce, and at the same time, April 29, the ministry of cults was subdivided, the ministry of churches being confided to Pouslon and that of public instruction to Nielson.—The unwillingness of the **Luxemburg** diet to accept any other than a coalition ministry caused a bewildering series of cabinet crises. Dr. Lautsch, who was appointed minister of state on November 6 and assumed the presidency of the cabinet two days later, immediately dissolved the diet, November 12. When the diet reconvened in January, however, it manifested undiminished obstinacy by throwing the ministerial chairs out of the window and, more decorously, by voting no confidence, 26-25. M. Lautsch thereupon tendered his resignation, and Grand Duchess Marie appealed to ex-Premier Vannerus to form a new cabinet, January 28. M. Vannerus in turn fell from power, February 21. At last M. Thorn succeeded in forming a Catholic-Liberal-Socialist coalition cabinet, and obtained a vote of confidence (39–1).—Various questions touching the neutrality

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of the **Netherlands** were taken up in two orange books issued by the Dutch government. German violation of Dutch territory at the time of the drive through Belgium was emphatically denied. The destruction of Dutch vessels by German torpedoes, particularly the sinking of the "Palembang," bound for Java, March 18, and of the passenger ship "Tubantia," March 16, although some uncertainty prevailed as to the precise facts, evoked strenuous protests. At the same time, the restriction of Dutch trade by British orders in council aroused indignation. Early in April the situation grew so critical that military precautions were taken, and for a time war seemed imminent. The maintenance of special border patrols and the execution of other war-time duties so severely taxed the Dutch treasury that a "war loan" was necessary; nevertheless the Dutch government endeavored to finance an old-age pensions bill. A ministerial crisis resulted in January. Minister of Finance Treub resigned on February 3 and was succeeded by Van Gijn, February 11.—General elections in **Norway** during October gave the party of the Right 22 members in the new Storthing; the Left, 77; the Social Democrats, 19; and Independents, 4. Convening in January, the Storthing on February 3 by a vote of 105 to 18 rejected a Socialist motion to denounce the treaty of 1907 whereby Germany, Russia, France and Great Britain guaranteed Norway's integrity. By a new constitutional amendment, adopted by a large majority (91 to 14 votes), women were made eligible to the Council of State; by the law of 1914 they had already been rendered eligible to the Storthing. A strike of iron miners in January led to a lockout and a general strike in June involving some 200,000 workers.—The former Democratic premier of **Portugal**, Dr. Affonso Costa, who had been forced out of office in January, 1914, by charges of corruption, resumed his position as head of the ministry on November 29. Inasmuch as the Unionist and Evolutionary parties declined to participate in a "national" ministry, Dr. Costa formed a partisan Democratic cabinet, as follows: finance, Dr. Affonso Costa; interior, Almeida Ribeiro; justice, Castanho de Menezes; colonies, Rodriguez Gaspar; war, J. M. Ribeiro Norton de Mattos; marine, Azevedo Coutinho; public works, Dr. Antonio Maria da Silva; foreign affairs, Augusto Soares; public instruction, Ferreira Simas. In his declaration of policy, December 3, Dr. Costa emphasized Portugal's obligations towards England, promised financial reforms, and appealed to patriotic unity. The budget for 1916-1917, presented to the Cortes on January 13, showed a deficit of $3,000,000 on ordinary expenditures of $88,000,000. Total expenditures entailed by the European War were estimated at $105,000,000. During February strikes and food riots caused several casualties in Lisbon. After the seizure of Teutonic merchantmen and the consequent German declaration of war, March 9 (see *supra*, p. 8), Foreign Minister Soares communicated to the Cortes the cor-

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respondence with Germany and the British note requesting Portugal to requisition the German ships. A war cabinet was constituted on March 15, with Dr. Antonio de Almeida as premier and minister of colonies; as minister of marine, Azevedo Coutinho; finance, Dr. Affonso Costa; war, Norton Mattos; foreign affairs, Dr. Augusto Soares; justice, Dr. Mesquita Carvalho; public works, Antonio Maria da Silva; public instruction, Dr. Pedro Martins; interior, Pereira Reis (resigned, May 20). Several mutinies and minor insurrections occurred during the spring.—A serious cabinet crisis in **Spain** was precipitated during December by the Liberal leader, Count Romanones, in conjunction with the Reformist, Republican, Jaimist, and other Opposition factions. All united in opposing the ambitious military proposals of señor Dato's Conservative ministry and in demanding that "preparedness" be not given precedence over urgent economic and financial problems. The premier thereupon resigned, December 6, and three days later Count Romanones accepted the post of premier, with the following cabinet: premier, Count Alvaro de Romanones; foreign affairs, señor Villanueva; justice, señor Barroso; interior, señor Santiago Alba; finance, señor Urzaiz; war, General de Luque; commerce, señor Quero; public works (*fomento*), señor Salvador; public instruction, señor Burell; marine, Vice-Admiral Arias Miranda (held over from the Dato cabinet). Despite Count Romanones's official declaration of neutrality, the ministerial change was generally regarded as favoring the Allies, inasmuch as the new premier's personal convictions were strongly pro-Entente. In domestic policy, Count Romanones promised immediate and vigorous efforts to solve the food, labor, commercial, and financial problems. Finding it difficult to realize his program without the support of a Liberal majority, the prime minister on December 23 obtained a royal decree dissolving the Cortes. The three months intervening before elections were characterized by recurrent symptoms of economic unrest. In Madrid the high price of flour caused a bakers' strike, riots, and the resignation of the mayor; in Valencia a general strike was proclaimed; most of the industrial centers were similarly perturbed. The Liberal ministry, furthermore, was split on the question of deepening Barcelona's harbor; consequently señor Urzaiz resigned the portfolio of finance into the hands of Foreign Minister Villanueva, while the premier himself took the portfolio of foreign affairs. Despite this sign of dissension, and notwithstanding its failure to solve the food problem, the Liberal ministry was returned to power by the elections of April 9 with a comfortable majority (235 in a total of 431), the Conservative representation shrinking to 86, the Republicans to 19; the Maurists receiving 16, the Regionalists 13, the Laciervists 8, the Jaimists 8, the Independents 10, the Catholics 4, the "Nationalists" 1, and the Integrists 1. Señor Azcarate, the former republican leader who had accepted the

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monarchy, lost his seat. The elections to the upper chamber of the Cortes, April 23, returned 112 Liberals, 34 Conservatives, 7 Regionalists, 5 Maurists, 3 Reformists, 3 Independents, 2 Laciervists, 1 Republican, 1 Jaimist, 1 Integrist, and 11 others. On April 30 señores Villanueva and Amós Salvador retired from the government; Amalio Jimeno relieved the premier as foreign minister; señor Alba became minister of finance; Ruiz Jiménez, minister of the interior; and Rafael Gasset, of public works (*fomento*). A movement to consolidate the numerous Conservative factions into a *bloc* of the Right was set on foot by the Jaimist Vásquez Mella and the Conservative Maura. A grave industrial crisis was occasioned in July by the proclamation of a general strike. The government promptly proclaimed martial law throughout the country; the strikers agreed to refer their grievances to arbitration, and work was resumed. — By way of retaliation for Great Britain's interference with Swedish mails and neutral commerce, **Sweden** in January detained a great quantity of English mail destined for Russia. In opening the Riksdag session, January 17, King Gustavus advocated the strengthening of Sweden's military forces as protection against the violation of her rights as a neutral. Consequently on March 29 the Riksdag passed an army appropriation of 104,000,000 kronor. The militaristic agitation of the so-called "activists," taken in conjunction with Sweden's well-known resentment of British restrictions on neutral trade and her displeasure at Russia's fortification of the Aland Islands, was regarded by many observers as preliminary to Sweden's entry into the war. Premier Hammarskjoeld publicly intimated, January 24, that Sweden might be forced into action. In May, however, Sweden's relations with the Entente Allies were very much improved by Russia's announcement that the defenses erected on the Aland Islands were strictly temporary and in no sense menacing to Sweden. On May 17, speaking in the Riksdag, Foreign Minister Wallenberg declared that the international crisis was definitely passed. Sweden's grievances against Great Britain were reported also to have been removed by a friendly understanding. Toward the end of June, Sweden agreed that the legality of British mail seizures should be submitted to arbitration after the war. For advocating a general strike in case of war, three prominent Socialists were arrested on the charge of high treason.—On December 15 Vice-President Camille de Coppet was regularly elected president of the **Swiss** Confederation (by 125 of 196 votes) and Edmund Schulthess, vice-president. The cost of mobilization and other war measures up to the end of February exceeded $90,000,000. Several emergency economic regulations were passed, including one fixing maximum prices for sugar.

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VII. ASIA AND AFRICA.

CHINA.—The monarchical trend of President Yuan Shih-kai's government since the suppression of the extremist-republican insurrection of 1913 was at last clearly revealed in December, 1915. On December 11 the Council of State, sitting as a parliament, canvassed the national vote on the question of restoring the empire and announced that 1993 out of the 2043 qualified representatives were in favor of abandoning the Republic of 1912. Accordingly the Council of State petitioned President Yuan Shih-kai to accept the office of emperor. He refused. The second offer, however, was accepted. Yuan's coronation was postponed, possibly because Japan and the Entente Powers had expressed apprehension last the restoration of monarchy lead to internal disorders in China and a disturbance of the international equilibrium in the Far East. The justice of this apprehension soon appeared. To be sure, an attempt at mutiny on December 5, by a handful of insurgents on board the Chinese training-ship "Chao-ho" in the harbor of Shanghai, proved premature. But a formidable insurrection raised its head late in December, under the leadership of Tsai Ao, former military governor of Yunnan. Tsai Ao's declared purpose was the restoration of the parliamentary, constitutional republic. From Yunnan the republican rebellion spread to the neighboring provinces of Kweichau, Kiangsi, Hupeh, and Szechuan. Mutiny broke out at the very important city of Nanking and in Fukien and Hunan provinces. As the Republican insurrection made headway, Yuan Shih-kai faltered in his determination to assume the crown. On January 21 the formal coronation, tentatively scheduled for February 12, was postponed *sine die*. On March 22 Yuan proclaimed that he would abandon the monarchical scheme altogether and would revert to the republican form of government. The staunch republican Hsu Shih Chang, who had resigned as a protest against the monarchical restoration, now reentered the cabinet as secretary of state. A special session of the Council of State, March 27, repealed all monarchical legislation and legally restored the republican régime. Nevertheless, the republican insurgents in the southern provinces, thoroughly hostile to Yuan, pursued their military campaign. By the end of May all of the southern provinces, Yunnan, Kwangsi, Kwangtung, Fokien, Chekiang, Kiangsi, Hunan, and Kweichau, were dominated by the rebels; among the central provinces, Szechuan was in rebel hands and others were more or less disaffected; further north, Shensi and Shansi were said to have declared independence and Shantung was rapidly being conquered by revolutionaries, apparently with unofficial Japanese support. —Meanwhile President Yuan Shih-kai made desperate efforts to retrieve his blunder. He agreed to surrender all civil authority to a responsible Republican cabinet, April 22, with Tuan Chi-jui, a conspicuous Republican leader, as premier and war minister. This con-

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cession was scorned, however, by 216 members of the National Assembly, who refused to be conciliated so long as Yuan remained president. Such was the *impasse* to which the government of China had been reduced when on June 6 Yuan Shih-kai died of uræmia. Yuan's death automatically brought into power Vice-President Li Yuan-hung, the Republican general who had commanded the revolutionary forces in 1911. In many provinces the rebellion immediately subsided, although dissension between North and South continued and hostilities were prolonged in some localities. Li Yuan-hung declared amnesty, convoked the parliament for August to make a definite constitutional settlement, and reorganized the cabinet as follows: premier and war minister, Tuan Chi-jui; foreign affairs, Tang Shao-yi; interior, Hsu Shih-ying; navy, Chen Pih-kuan; commerce and agriculture, Chang Kuo-kan; justice, Chang Yao-tseng; education, Sung Hung-yi; communications, Wang Ta-hsien; finance, Chen Chin-tao. (See also International Relations, *supra*, p. 18.)

JAPAN.—The formal coronation of Yoshihito as emperor of Japan, 121st successor of Jimmu, was celebrated with impressive pomp, November 10. The ceremonies and festivities extended into the following month.—The naval estimates for 1916, totaling about 100,000,000 yen, showed a decrease of 6,000,000 yen from 1915. Supplementary expenditure for construction of new ships would amount to 6,000,000 yen in 1916 and an average of 13,000,000 yen in the three ensuing years.—The December session of the Diet was turbulent. The government was rancorously criticised for conferring the Nogi peerage upon a member of the Mari family. A motion to impeach the ministry for attempting to evade responsibility in the Oura bribery case (last RECORD, p. 735) by making Viscount Oura the scapegoat was defeated on December 18 by 222 to 132, after a stormy sitting, in course of which Premier Okuma was violently assailed.—Count Okuma narrowly escaped assassination by the hand of a bomb-thrower in January.—On March 30 Lieutenant-General Ichinosuke Oka, minister of war, resigned from the cabinet, being enfeebled by the disease which caused his death a few months later; he was succeeded by the vice-minister of war, Lieutenant-General Ken-Ichi Oshima.—In a statement to *Le Matin*, Count Okuma explained that inadequate transportation rendered it impossible for Japan to send a large army to Europe; hence Japan would merely aid her Allies by protecting their interests in the Far East and by selling them munitions. The economic significance of Japan's political affiliation with the Entente Powers was disclosed by commercial statistics published in 1916. Immense war-exports of woollen cloth and munitions to Russia and of rice to Great Britain had augmented Japan's total exports to Russia by 39,000,000 yen in the first three-quarters of 1915 and those to Great Britain by 25,000,000 yen. In the South Pacific, Japanese merchants were eagerly

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taking advantage of the war to supplant German commerce. On the whole, however, the war had injured Japanese trade. The total exports in 1915, although showing an increase of $58,602,768 over 1914, amounted to only $354,153,499 as compared with $366,230,107 in 1913. Imports had dropped from $364,765,822 in 1913 to $266,224,969 in 1915. —Child labor was legally prohibited in 1916; young persons between 12 and 15 years and women were permitted to work no more than 12 hours a day, with two holidays a month; accident compensation was also provided.

PERSIA.—Symptoms of unrest in Persia, the revolt of the gendarmerie, the activity of Turkish propaganda, and the apparent inclination of the young sovereign, Ahmed Shah, to give ear to the German agent, Prince Henry of Reuss, gave Russia and Great Britain cause of alarm. On November 1 Russia intimated to the Shah that any hostility toward the Entente Powers might mean Persia's destruction. Russian troops at Kazvin, 86 miles northwest of Teheran, were ordered to advance on the capital, November 9. The mejliss in secret sitting, November 11, decided on submission. The Shah, who had been meditating removal from the Russian zone of influence, was induced to abandon all idea of flight, November 15. Russophile politicians, Prince Ain-ed-Dowleh and Prince Firman Firma, were given seats in the cabinet, November 15. Prince Firman Firma became premier on December 25 and retained the office for about three months. On March 6 a Nationalist leader, the Sipah Salar Azam, former premier and minister of war, was placed at the head of the government. Meanwhile Russian armies defeated the pro-German Persian gendarmes and other hostile forces near Ave (December 7) and Sultan Bulak (December 9) and occupied Kum (December 15) and Hamadan (about December 20) which had been centers of Turco-Teutonic activity. From Kum one Russian army continued southward to Kashan (occupation announced December 27) and Ispahan (March 19). Another took Sultanabad (January 21), between Kum and Hamadan. A third followed the caravan route from Hamadan to Kermanshah (February 26) and Kerind (March 12) toward Bagdad (see *supra*, p. 7). Most of western and central Persia remained in Russian occupation until July, when the Turks recaptured Kermanshah. The southeastern corner of Persia was occupied by an Anglo-Egyptian expedition under General Sykes.

OTHER ASIATIC AND AFRICAN STATES.—Uprisings in French **Indo-China** were severely repressed; martial law was proclaimed in April, and the insurgent boy-king of Annam, Duy-Tan, was deposed by the French governor-general. Prince Dun-Dao was named as Duy-Tan's successor.—Lidj Jeassu, negus of **Abyssinia**, offered 200,000 soldiers to aid the Entente Allies, according to a statement made by M. Pierre Alype in the French Chamber of Deputies.—A quasi-relig-

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ious revolt, led by Abdul Melik, was reported by German dispatches to have broken out in **Algeria**. — German newspapers also asserted that all **Tripoli** was in revolt; that Senussi tribesmen had routed the Italian garrison at Kasasyrt; and that the Italians had lost 6000 men. —The French forces in **Morocco**, under General Henrys, inflicted a crushing defeat upon the troublesome Abd el Malek in the Taza region, captured his camp, and drove him to seek refuge in mountain fastnesses in the Rif. In the Spanish zone of Morocco, the resident General Jordana announced on May 17 the complete submission of the Kabyles in the territory of Oued-Ras and the opening of the Fondak route, thanks to the victory of Spain's ally Raisuli over the hostile Abd el Krim. Late in June heavy fighting with insurgent natives was resumed. All extra-territorial privileges hitherto enjoyed under the capitulations were renounced by Italy in March, as regards the French zone of Morocco, and in April, as regards the Spanish zone. The Netherlands and several other nations made similar announcements.

[For colonies and dependencies in Africa and Asia, see The European War, The United States, The British Empire and Continental European States, *supra*.]

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